UNIFORM FRANCHISE DISCLOSURE DOCUMENT

Mountain Man Nut & Fruit Co.

A Colorado Corporation
10338 S. Progress Way, Parker, Colorado 80134
303-841-4041
www.mtnman.com

Mountain Man Nut & Fruit Co. was formed in 1978 for the purpose of packaging and distributing nuts, dried fruits, trail mixes, candy and snack foods. This is done through a network of distributors (franchisees) working in specific areas and delivering product at regular intervals to consumers at their place of employment.

The total investment necessary to begin operation of a Mountain Man Nut & Fruit Co. franchise is $15,360 to $16,100. This includes $7,500 that must be paid to the Franchisor.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or made any payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. **Note however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

Here are some question you may be asking about buying a franchise and tips on how to find more information:

Question	Where to Find Information
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 includes the financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Mountain Man Nut & Fruit Co. in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor and its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Mountain Man Nut & Fruit Co. franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising Generally

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investment in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from the franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligation to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in the Exhibit C.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda.

Special Risks to Consider About This Franchise

Certain states require that the following risk(s) be highlighted:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only Colorado. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Colorado than in your own state.

Certain state may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise Administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in your State Specific Addendum for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise.

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY EITHER LITIGATION OR ARBITRATION IN THE STATE OF COLORADO. OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE OR ARBITRATE WITH US IN COLORADO THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

There are state specific addendums at the end of this Uniform Franchise Disclosure Document. You should refer to this section for additional information.
The agent of service for process for your state is listed in the Additional Protection Addendum by state.

The issuance date of this UFDD is <u>April 10, 2021</u>

SPECIAL PROTECTION FOR CALIFORNIA DISTRIBUTORS

THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, 320 WEST 4TH STREET, #750, LOS ANGELES, CA. 90013-2344 (www.dbo.ca.gov) is the state agency for reporting any violations. Our agent for service of process in California is the California Commissioner of Business Oversight at the above address.

There may be state and local laws which supersede this Disclosure Document and Contract.

The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

This agreement requires application of the laws and forum of another state. The franchise and development agreements require application of the laws and forum of indicate jurisdiction. This provision may not be enforceable under California law.

California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.

The California Franchise Investment Law requires a copy of all proposed agreements related to the sale of the Franchise be delivered together with the Disclosure Document.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee for termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement requires binding arbitration. The arbitration will occur in Colorado with the costs being borne by the franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions code Section 20040.5, code of civil procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

This agreement contains a liquidated damage clause. Under Civil Code, Section 1671 certain liquidated damage clauses are unenforceable.

The provision for termination upon bankruptcy may not be enforceable under federal bankruptcy law. (11 USCA}101 et seq.)

Neither Company, any person or franchise broker in Item 2 of the UFDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in this association or exchange.

This franchise is being offered by Mountain Man Nut & Fruit Co., 10338 S. Progress Way, Parker, Colorado, 80134, (303-841-4041). The name of the agent is David D. Conner, President.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution of competitive brands that we control.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINES OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

This UFDD is effective on _____________, 20____ and is currently in effect in the state of California. The issue date in the State of California is ____________, 20____.

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ITEM 1. THE FRANCHISOR AND ITS PREDECESSORS

Mountain Man Nut & Fruit Co. began doing business in 1977 in Colorado as a packaging and sales facility for nuts, dried fruit and candy. We incorporated in 1978 and have been continuously doing the same type of business to this date. We began offering franchises in 1984 and do so to this date. We have never offered any other type of franchise in any other line of business.

A. "We" are Mountain Man Nut & Fruit Co., the "Company" or "Mountain Man". “You” includes your owners if a corporation, partnership and other entity.

B. Since October 1983, we have offered Company franchises. We have not offered franchises in any other line of business. We do not do business under any name other than "Mountain Man Nut & Fruit Co." and we have not offered franchises under any other name.

C. Our principal place of business is 10338 South Progress Way, Parker, Colorado, 80134.
Our predecessor also had its principal place of business in Parker, Colorado. Our contact is David D. Conner, Mountain Man Nut & Fruit Co., 10338 South Progress Way, Parker, Colorado, 80134. David’s email address is dconner@mtnman.com. The registered agent authorized to receive process in various states is found in the state specific addendum found on pages 40-49 of this Uniform Franchise Disclosure Document. Please reference this for your state’s registered agent.

D. We were incorporated in the State of Colorado on August 2, 1978. Our predecessor was a sole proprietorship operated under the name "Mountain Man Nut & Fruit Co." from March, 1977 until August, 1978. This sole proprietorship offered no franchises. The Mountain Man operation provided employment in warehousing, manufacturing, candy making, packaging, and distribution.

E. Our business: We manufacture chocolates, purchase candy, dried fruit and nuts in bulk and repackage them for sale to the public, roast nuts, process mixes of nuts, fruit and candy, and prepare seasonal baskets and gift assortments of candy, dried fruit and nuts ("Products"). We sell our Products to you under the label “Mountain Man Nut & Fruit Co. You sell directly to the public. You offer the Products for sale at offices and businesses within defined territories. This is a year-round business and we do special additional items at various holidays. This franchise does not include any rights to Internet commerce and the contract strictly forbids your setting up internet sites for the sale of our Product. We allow you to have a website located within our company site for your business. We also sell Product through Mountain Man retail stores. We manufacture a line of products under the trademarked name “Rivertrail” which is available to any retail business for resale, as well as to franchisees. We also sell bulk product to various outlets. We do private label products for several companies. Our Products are manufactured in Colorado and Oregon. We have developed a unique system for the processing, packaging and distribution of our Products. We have experience and skill in operating a processing, packaging and distribution center and have developed a system of financial management, all identified by the trademark, service mark and trade name of "Mountain Man Nut & Fruit Co." or "Mountain Man."

Since the business is based on food products, distributors are regulated by local health board codes and regulations. It is possible that there are companies performing similar services as our company: With the Distributor Franchise: "You" sell our Products directly to the public at offices and other businesses. You must purchase your Product from us and sell within a restricted area.

This Disclosure Document relates solely to the Distributor Franchise described in the paragraph above.

ITEM 2. BUSINESS EXPERIENCE

David D. Conner - President.

Our founder, Mr. Conner, started Mountain Man Nut & Fruit Co. in 1977. Mr. Conner has been the President since our incorporation in 1978. Mr. Conner also acts as franchise broker for the company.

Virginia A. Conner - Secretary.

Mrs. Conner has been with Mountain Man Nut & Fruit Co. since its beginning and has been the Secretary of Mountain Man since its incorporation in 1978.

Michael S. Conner - V. President.

After graduating from College in 1990, he has worked in the Company in the financial, customer service, and computer departments. He is Vice-President.

The only predecessor was the unincorporated business from 1977 to 1978. Mountain Man Nut & Fruit Co. is a privately held corporation.

ITEM 3. LITIGATION

There is no litigation that is required to be disclosed in this Disclosure Document.

ITEM 4. BANKRUPTCY

No person previously identified in Items 1 or 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

There have been no foreign bankruptcies.

ITEM 5. INITIAL FRANCHISE FEE

The initial franchise fee is $7500.00 for one territorial unit. This is the only fee that is required for the purchase of the franchise. This fee is non-refundable.

ITEM 6. FEES

Name of Fee	Amount	Due Date	Remarks
Initial Fee	$7,500	At Signing	Per Territorial Unit See /1 below
Royalty/3	0%	N/A	No royalty on products purchased from Mountain Man
Renewal Fee/3	$100	Upon Renewal	Current $100.
Advertising/3	None		

Interest /3	18% per annum or the maximum interest rate allowed by state law.	When account is delinquent	This is for an accounts receivable balance. In no instance will this exceed the amount allowed by state.
Insurance	$500-$1000 estimated	Before opening	General Liability and auto insurance
Education/2	$75-150	At time of meeting	/1
Assignment/ 3	$1000 to $4000	Sale of route	Assignment is subject to our approval. Fee on schedule.
Additional Training	$250 to $2500	Before training	You must pay for transportation, food and accommodation and a minimum charge or $250 per day for additional training. An all inclusive fee may be negotiated before training, as well as the time of the training.
Freight	10-40 cents per pound	When is product shipped	Cost of freight varies with carrier, distance and weight of the shipment. You will pay the freight.
Early Sale Penalty/3	$4,000	At time of sale	This penalty may be assessed if route is sold prior to the first 18 months following the date of the
			Distributor Franchise Agreement.

/1. You must pay a franchise fee of $7,500 per territorial unit when you sign the Distributor Franchise Agreement ("DFA"). A territorial unit is an area that includes approximately 20,000 jobs (people employed at various places of business). If a job base is not available, we use a population base of approximately 70,000 people (See UFDD Item 12B). Job and population bases are determined by means of the internet. (censtats.census.gov/cbpnaic/cbpnaic.shtm/) and (www.bis.gov/oes/) If multiple units are offered, the fee is multiplied by the number of units. The franchise fee is not refundable. This fee covers the cost of your protected area for distribution, two days of field training if required, a cart and baskets, product brochures, ice chests (may not be offered in cooler temperature regions), name tags, a change apron, price gun and labels, distributor handbook, and product knowledge handbook. It does not include any beginning inventory.

/2. We hold meetings to introduce new products, teach sales techniques, and provide general business information. You must come up to four times a year if you live within 150 miles of the meeting location during the initial term of your contract. We pay the cost of the meeting and you pay transportation, food, lodging and other costs of attending.

/3. All fees are payable to us. All fees are non-refundable.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Nature of Expenditure	Estimated Expenditure	Payee	When Due	Refund Allowed
Franchise Fee /1	$7,500	Company	Upon signing	No
Inventory/2	$500 to $1,000	Franchisor	Before you Begin operations	Yes*
Working capital/4.	$6,000	Vendors	As incurred	N/A
Storage space	None (use of personal residence assumed—no new expenditures)			N/A
Automobile/3.	None (use of personal vehicle assumed-no new expenditure)			N/A

Licenses /5.	$10 to $150	State or local jurisdictions	Before you begin	N/A
Real Estate	None		N/A	NA/
Supplies for route. /6	$0			
Total Cash Required	**$15,360 to $16,100**			

*Inventory is returnable if in marketable condition at our sole discretion.

/1. This fee is non-refundable.

/2. You must purchase a minimum of 250 pounds of Mountain Man products as an initial inventory. The cost of the inventory will vary depending on the mix of products purchased. We estimate that the cost of the minimum inventory will range from $500 to $750. The average initial purchase by you is 400 to 500 pounds at a cost of $1,350 to $1,450. You must prepay the first order to Mountain Man.

/3. You must have automobile liability insurance and a general liability insurance policy. The cost of the automobile policy will depend on the type of vehicle involved and the individual's driving record. We estimate that the initial premiums for insurance will range from $200 to $600.

/4. We estimate initial working capital to be $6,000.

/5. Any applicable state and local licenses required, including sales tax and business licenses. Equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements, and decorating costs are your responsibility but not normal expenses to start this franchise.

/6. We recommend that you have credit card access on your route for purchases by your customers. We recommend adding the “Square” to your smart phone. There is no cost for the “square”. There is a percentage of sales that is paid to the credit card company for any purchases that are run through the “square”. There is a percentage of sales that is paid to the credit card company for any purchases that are run through the “square”. An alternative to “Square” is “Shopify”, which operates as a POS system and a website. Company representatives can help you set this up. Any other hardware or software is at your discretion, based on your proficiency with computers.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase your food inventory exclusively from Mountain Man. In 2020 our revenue from the sale of Products was $2,950,591 or 21 percent of total revenues of $13,992,263. There are no purchase arrangements with other suppliers and Mountain Man does not receive consideration from any other company for product sold to you. The Mountain Man Nut & Fruit Co. franchise is deemed to be a complete franchise in that there is nothing that is required for you to buy outside of Mountain Man Nut & Fruit Co. The franchisor sells to the franchisee at a wholesale price and the franchisee sells to the public at a retail price. The franchisor provides no other material benefit to the franchisee. The franchisor does not negotiate purchase arrangements with suppliers for the benefit of franchisees.

B. You may order business cards. They are currently available from us for $50.00 per thousand or you may use your own printer after copy approval. This price may change without notice.

C. You must furnish us with verification that no less than 70% of your monthly inventory is sold to customers or end users. We will not fill Product reorders without proof of sale of inventory (monthly sales report). This is to prevent the buildup of large quantities of unsold merchandise that could threaten your financial viability. See Item 12, Section D for information on sales performance requirements.

D. You must personally sell the Products and are specifically prohibited from employing another person to sell the Products.

ITEM 9. FRANCHISEE'S (YOUR) OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT

Obligation	Section in Agreement	Disclosure document item
a. Site selection & acquisition	Article I, Paragraph 1.2	Item 1 Para. E.2, Item 11, Para. C
b. Pre-opening purchases	Article IV	Item 7
c. Site development & other pre-opening requirements	Article IV, Paragraph 4.1-4.6	Item 7 Paragraph F
d. Initial and ongoing training	Article III	Item 11, Paragraph 1-3
e. Opening	Not applicable	Not applicable

f. Fees	Article I, Paragraph 1.1 Article VI, 6.3	Item 5,6,7
g. Compliance with standards and	Article I, Ii, IV, V, VI, VII, VIII, XI	Item 8,9,15
policies/operating manual		
h. Trademarks and proprietary information	Article V and XIII	Item 1 and 13
i. Restrictions on products/services offered	Article I and II	Item 8 and 16
j. Warranty and customer service requirements	Article VIII, Paragraph 8.4	Item 8 and 15
k. Territorial development and sales quotas	Article VI	Item 8 and 12
l. Ongoing product/ service purchases	Article VI and VII	Item I, 12, and 15
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Article IV	Item 6
o. Advertising	Article X	Item 6
p. Indemnification	Article XVI	None
q. Owner's participation/ management/ staffing	Article I, Paragraph 1.3 and 1.5	Item 8, Para G and 15
r. Records and reports	Item 7	Item 8
s. Inspections & audits	Not Applicable	Not Applicable
t. Transfer	Article XIX	Item 17
u. Renewal	Article II	Item 17
v. Post-termination obligations	Article XII	Item 17
w. Non-competition covenants	Article XIV	Item XVII
x. Dispute Resolution	Article XXIII	Item SVII and XXIII

ITEM 10. FINANCING ARRANGEMENTS

We, our agents, and affiliates do not offer financing arrangements directly or indirectly to you. There is no agreement between us and any lender or other third party to provide financing to you. There are no waivers of defenses or similar provisions in any note, contract or other instrument to be signed by you. There is no intent by us to sell, assign, or discount to a third party, in whole or in part, any note, contract or other instrument signed by you. We do not receive referral fees or commissions from any person for your financing arrangements.

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING AND TRAINING

A. OUR OBLIGATIONS BEFORE THE BUSINESS OPENS AND DURING CONTINUING OPERATION.

Except as listed below, we need not provide any assistance to you.

Type of assistance	When assistance is provided	Information about assistance	Cost of assist-ance	Ownership of Assistance
a. Operations Manual—given at signing of Distributor Franchise Agreement	At signing of contracts	1/ Table of Contents provided below. This manual will give you the information that you need to start your route and to sell Mountain Man products.	None	Franchisors. Must be returned at termination or expiration of contract. We may make changes or revisions if necessary.
b. Product Handbook—given at signing of Distributor Franchise Agreement.	At signing of contracts	Contains information about the products that we sell.	None	Franchisors. Must be returned at termination or expiration of contract. We may make changes or revisions if necessary.
c. Distributor Training handbook	At signing of contracts	Information about how to set up a route and sell product	None	Franchisors. Must be returned at termination or expiration of contract. We may make changes or revisions if necessary.

d. Field training in your contracted area. Two to three days as needed. Only you will be trained. Trainer will have run a successful route in the past and will have extensive knowledge about opening accounts and maintaining customers.	Requested by you after you have been actively selling product for 30 days. Time to be agreed upon by Mountain Man and you.	You must have adequate inventory on hand for training ($1000) in retail priced Products) The trainer will work with you on your route and go into accounts with you and teach you to open accounts.	None if in full compliance with the DFA	N/A
e. Supervision, Advice and Consultation	Anytime after signing of contracts	Reasonably available by telephone or e-mail to answer questions, give advice and consultation.	Normally, none. If you need more time and expense than normal you will be informed and a fee negotiated.	N/A
f. Educational materials	Periodically sent	Education materials about products	None	N/A
g. Educational seminars 2/	Periodically scheduled, no more than 4 times a year	Required attendance if within 150 miles of seminar location during the initial term of contract	Travel costs and housing if needed. Usually no more than $150	N/A

h. Weekly newsletter	Scheduled to be sent weekly	Shows new products, price changes, outages and information about products	None	Franchisee
j. Classroom Training	None at present	We reserve the right to change our training procedures without notice	Travel and housing during training	
k. Advertising	No advertising is required at present	We provide advertising sheets that you can use during special promotions	None	N/A
l. Filling of orders	After signing of contracts	We will have orders ready within three business days of their being placed.	You will need to pay for the order on a COD basis	N/A
j. Shipping of orders	After order is filled	We will help you arrange a truck ASAP	You will be responsible for the payment of freight to your	N/A
			location	

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The total pages in the Handbook is sixty-eight.

2/ Seminars. You must pay all of your transportation, food, lodging and other costs. We estimate this cost to be between $75 and $150 for each session attended. These sessions usually last one day and require one night stay at a hotel, unless you live within driving distance. (Article III, DFA)

ITEM 12. TERRITORY RIGHTS OR OBLIGATIONS

A. We grant you a franchise to operate one franchise business in an area specified in the DFA.

This area must be mutually agreed upon by both the Franchisor and Franchisee. This business will be establishing a route and selling product with the Mountain Man Nut & Fruit Co. label. We will refer all inquiries that we receive for route service in your area to you. You will refer to us for reassignment any inquiries that you receive that are outside of your territory. Franchised territory can only be modified by consent of both franchisor and franchisee. If explosive growth should happen in your territory and you are no longer able to service the entire area, you may be asked to divide your territory and sell part of it to create a second territory.

You will not receive an exclusive territory. You may face competition from retail franchisees, from retail outlets that we own, or from other channels of distribution or competitive brands that we control. You will be the only Distributor in your area selling Mountain Man Nut & Fruit Co. branded products.

You may begin your business at any time after the signing of contracts and after you have ordered and received your first order or product and supplies. You should read and understand the manuals given you at closing before you begin to build your route. You may receive your product on the day that contracts are signed if the closing is done here in Parker, Co., if arrangements are made prior to the closing and product is ordered in advance. Product order can be shipped at any time after closing if closing is not done in Parker, Co., at your discretion. Our shipping manager will work with you to find the most economical method and company for shipping.

B. We retain the right to sell to military commissaries and to Mountain Man retail outlets which may be located in your territory. Retail outlets are offered under a separate UFDD and are not being offered with this document. We retain the right to sell bulk Products in your territory. This franchise does **not** give you rights to a retail store. We retain the right to internet sales and to the sale of the “RiverTrail” line of products.

Your Franchise Territory is based on our analysis of the number of business establishments and employees in an area that we roughly define by Post Office zip code boundaries using roads and map identifiers. A Territorial Unit is an area that includes approximately 20,000 jobs. If job base is not available, we use a population base of approximately 70,000 to define a Territorial Unit. This also comes from the Zip Code Sourcebook. This analysis is based on estimates and our experience in dealing with other territories. We may offer multiples of Territorial Units at times to one individual if the area is not easily divided into more than one Territory. The cost is adjusted proportionately, with $7,500 being the cost of 20,000 jobs or 70,000 population. This agreed upon Territorial Unit or multiple then becomes the Territory as described in the DFA.

C. We do not sell franchises or own company outlets under any other name.

D. You must attain wholesale purchase quotas under the DFA. You must attain a minimum of $400 per week in wholesale purchases after 120 days. After 12 months of operation you must average a minimum of $550 per week in wholesale purchases. After 18 months of operation you must average a minimum of $750 per week in wholesale purchases. We will notify you in writing if you are not meeting the wholesale purchase quota. We determine this by reviewing your sales volume, and by repeated calls from customers for service. You may submit in writing within thirty days a proposal to remedy the situation, which may include an assignment of a portion or all of the Franchise Territory. We will not unreasonably withhold approval of assignment. We will not approve or assign part of a territory if division will result in one or more undersized territories. You must complete this assignment within sixty days following our approval of the assignment. If you fail to submit a proposal acceptable to us or fail to finalize an approved assignment of a portion of your territory within ninety days following our original notice, we may reduce the Franchise Territory at our discretion.

Subject to the above exceptions, we will not operate a Company route business or authorize any other person or company to operate a Company route business of like manor in your territory.

You must not sell outside of your franchised area. Since this is a full time opportunity, we will not consider you for more than one territory. You have the right to sell your territory and then obtain a different one. There are no rights of first refusal or similar rights to acquire additional franchises in contiguous territories granted under this franchise.

ITEM 13. TRADEMARKS

We grant you the use of our commercial symbols which includes the trademark "Mountain Man Nut & Fruit Co."

A. Table of Marks

Registered Mark	**Reg Number**	**Date Registered**	**Mark**
Mountain Man Nut & Fruit Co.	1,353,067	Aug 6, 1985	Mountain Man Nut & Fruit Co.®

Mountain & trees in circle logo	1,271,979	March 27, 1984	
Mountain Jubilee	1,323,527	March 5, 1985	Name only
Doctor Dark	3,498,945	September 9, 2008	Name only

You must follow our rules when you use these Marks. You cannot use the name "Mountain Man Nut & Fruit Co." as your company name or make it a part of a corporate name or with modifying words, designs or symbols (i.e. Dave Smith's Mountain Man Nut & Fruit Co.) except for those which the Company licenses to you. You may not use our registered name with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not use the Marks to incur debts which might be confused or implicate us as the debtor.

B. We are not aware of any current infringing uses of the Marks, nor is any litigation pending with respect to any of these Marks.

C. There are no agreements currently in effect that would limit our rights to use or license the use of the Marks.

D. You must promptly notify us of any claim, suit or demand against you because of any alleged infringement, unfair competition or similar matter relating to your use of the Mark. We have the right to defend, compromise or settle any claim at our cost and expense, using an attorney of our choosing, and you must cooperate with us in the defense of any claim. We will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

E. We know of no infringing uses which could materially affect the use of the Mark in any state in which your business may be located.

ITEM 14. PATENTS AND COPYRIGHTS

There are no patents or copyright material applying to the franchise.

ITEM 15. YOUR OBLIGATION TO PARTICIPATE IN THE OPERATION OF THE FRANCHISE BUSINESS

You must commit to use your best efforts to promote the sale of our Products, to advertise and canvass the Franchise Territory, to prominently display our Products, to maintain a sufficient stock of our Products at all times and to fill orders promptly. You must not delegate the performance of your duties to any other person except for scheduled vacations. (DFA, Article I, Para. 1.5)

ITEM 16. RESTRICTION ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those goods and services that we have produced or approved. You must not alter the operation of the franchise business in violation or circumvention of our standards or of statutory requirements.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	**Section in Franchise Agreement**	**Summary**
a. Term of the franchise	Article II	Term is for three years
b. Renewal or extension of the term	Article II, Paragraph 2.2	If you are in good standing you can extend for successive three year terms, under the now current contract
c. Requirements for you to renew or extend	Article Ii Paragraph 2.2A	Notify us of your intent to renew, sign and return new agreement, pay fees

d. Termination by you	Article XII, Paragraph 12.1	You can give 30 days written notice to us of intent to terminate
e. Termination by us without cause	Article XII, Paragraph 12.2	We cannot terminate a contract without due cause
f. Termination by us with cause	Article XII	We can terminate if you default in one of several areas
g. "Cause" defined & defaults that can be cured	Article XII, Paragraph 12.3-12.5	You have 30 days to cure: reports, abandonment, area infringement, any other default not listed in Article XII, Paragraph 12.5-7. You have 10 days to cure a money default
h. "Cause" defined & defaults which cannot be cured	Article XII, Paragraph 12.5-7	Non-curable defaults: multiple defaults, conviction of felony, abandonment, bankruptcy, misrepresentation, unfit conduct, non-compliance with federal or state law, public health danger, nonperformance, trademark misuse, competing business
i. Your obligation on termination	Article XII	Obligations include complete de-identification, payment of amounts due, rendering of customer lists and distributor handbook
j. Assignment of contract by us	Article XXI, Paragraph 12.8	No restriction on our right to assign
k. "Transfer" by you – definition	Article XIX	Includes transfer of contract or ownership change
l. Our approval of transfer by you	Article XIX	We have the right to approve all transfers but will not unreasonably without approval
m. Conditions for our approval of transfer	Article XIX	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed, full compliance with Agreement, customer list transferred, disclosure document give, records provided
n. Our right of first refusal to acquire your business	None	None
o. Our option to purchase	None	None
your business		
p. Your death or disability	Article XIX, Paragraph 3	Franchise may continue operation by spouse or child

q. Non-competition covenants during the term of the franchise	Article XIV	No competing business during the life of the contract
r. Non-competition covenants after the franchise is terminated or expires	Article XIV, Paragraph 14.2	No competing business for two years after termination of sale of route
s. Modification of the agreement	Article XVIII	No oral amendment, only written instrument signed by both parties
t. Integration/ Merger clause	Article XVIII	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable
u. Dispute resolution by arbitration or mediation	Article XXIII	Any controversy arbitrated or litigated in Colorado—subject to state laws.
v. Choice of Forum	Article XXIII	Our discretion
w. Choice of Law	Article XXIII	American Arbitration Association rules apply

ITEM 18. ARRANGEMENTS WITH PUBLIC FIGURES

We have no arrangements of any kind with any public figure for the endorsement of the franchise, its Products or in any other connections.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or that past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting: David Conner, 10338 S. Progress Way, Parker, Co. 80134, 303841-4041; the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 System Wide Outlet Summary For years 2018 to 2020

Outlet Type	Year	Start Of Year	End of Year	Net Change
Franchised	**2018** **2019** **2020**	**132** **123** **113**	**123** **113** **90**	**-9** **-10** **-23**
Company Owned	**2018** **2019** **2020**	**0** **0** **0**	**0** **0** **0**	**0** **0** **0**
Total Outlets	**2018** **2019** **2020**	**132** **123** **113**	**123** **113** **90**	**-9** **-10** **-23**

Table No. 2 Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2018, 2019, 2020

State	Year	Transfers
California	2018 2019 2020	0 0 1
Colorado	2018 2019 2020	3 4 1
Kansas	2018 2019 2020	0 0 0
Nevada	2018 2019 2020	0 1 0
Montana	2018	1

	2019 2020	0 0
Oregon	2018 2019 2020	3 1 1
South Dakota	2018 2019 2020	0 0 0
Texas	2018 2019 2020	0 3 0
Washington	2018 2019 2020	0 0 0
Wyoming	2018 2019 2020	0 0 0
Total for all States	2018 2019 2020	10 6 3

Table No. 3 Status of Franchise Outlets for Years, 2018, 2019, 2020

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AZ	2018 2019 2020	4 5 5	0 1 0	0 0 0	0 0 0	0 0 0	0 0 1	4 5 4
AR	2018 2019 2020	1 1 1	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1 1 1
CA	2018 2019 2020	5 5 5	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	5 5 5
CO	2018 2019 2020	52 46 44	0 0 0	0 0 0	0 0 0	0 0 0	6 2 1	46 44 32

ID	2018 2019 2020	2 2 2	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	2 2 2
IA	2018 2019 2020	3 2 1	0 0 0	0 0 0	0 0 0	0 0 0	1 1 1	2 1 0
KS	2018 2019 2020	10 9 9	0 0 0	0 0 0	0 0 0	0 0 0	1 0 3	9 9 6
MI	2018 2019 2020	1 1 1	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1 1 1
MT	2018 2019 2020	1 1 1	0 0 0	0 0 0	0 0 0	0 0 0	0 0 1	1 1 0
NE	2018 2019 2020	6 6 6	0 0 0	0 0 0	0 0 0	1 0 0	0 0 1	6 6 5
NV	2018 2019 2020	1 1 1	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1 1 1
N.M.	2018 2019 2020	1 1 1	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	1 1 1
OK	2018 2019 2020	2 2 2	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	2 2 2
OR	2018 2019 2020	23 22 21	4 1 1	0 0 0	0 0 0	0 0 0	5 2 2	22 21 20
S.D.	2018 2019 2020	1 1 1	0 1 0	0 0 0	0 0 0	0 0 0	0 0 0	1 1 1
TN	2018 2019 2020	1 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 1 0	1 0 0
TX	2018 2019 2020	9 9 6	0 0 0	0 0 0	0 0 0	0 0 0	0 3 3	9 6 3
WA	2018 2019 2020	6 7 3	1 0 0	0 0 0	0 0 0	0 0 0	0 4 1	7 3 2

WY	2018 2019 2020	2 3 3	1 0 0	0 0 0	0 0 0	0 0 0	0 0 0	3 3 3
Total	2018 2019 2020	132 123 113	6 4 1	0 0 0	0 0 0	0 0 0	13 13 24	123 113 89

Table No. 4

The company has no company-owned outlets for the years 2018, 2019, 2020.

Table No. 5

Projected Openings as of December 31, 2021

State	**Franchise Agreements signed but outlet not Opened**	**Projected New franchised Outlet in the Next Fiscal Year**	**Projected New Company Owned Outlets in the Current Fiscal Year**
Arizona	0	1	0
California	0	1	0
Colorado	0	3	0
Kansas	0	1	0
Nebraska	0	1	0
Oregon	0	2	0
Washington	0	1	0
Total	0	10	0

Notes:

Attached as Exhibit D to this disclosure documents are the names, addresses and telephone numbers of 90 current franchisees as of December 31, 2020.

Attached as Exhibit E to this disclosure document are the names and last known addresses and telephone numbers of every franchisee who either had an outlet terminated, cancelled, not renewed, transferred or otherwise voluntary or involuntary ceased to do business as a Mountain Man Nut & Fruit

Co. franchisee in our fiscal year ending December 31, 2020. If you buy this franchise your contact information may be disclosed to other buyers when you leave the franchise system

ITEM 21. FINANCIAL STATEMENTS

Audited financial statements for the Company for the fiscal years ending December 31, 2020, December 31, 2019 and December 31, 2018 are included with this UFDD.

Mountain Man Nut & Fruit Co.

Financial Statements

December 31, 2019, 2018 and 2017

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Haynie & Company
Certified Public Accountants
& Management Consultants

1221 W. Mineral Avenue, Suite 202
Littleton, CO 80120

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303-795-3356
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Independent Auditors' Report

To the Board of Directors and Shareholders
Mountain Man Nut & Fruit Co.

We have audited the accompanying financial statements of Mountain Man Nut & Fruit Co., which comprise the balance sheets as of December 31, 2019, 2018, and 2017 and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountain Man Nut & Fruit Co. as of December 31, 2019, 2018 and 2017 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Haynie & Company

Littleton, Colorado
June 8, 2020

Mountain Man Nut & Fruit Co.
Balance Sheets
December 31, 2019, 2018 and 2017

ASSETS

	2019	2018	2017
Current Assets:			
Cash and cash equivalents	$ 935,197	$ 660,401	$ 1 ,388,984
Investments in marketable securities, at fair value	143,702	133,620	144,204
Accounts receivable, trade (net of allowance for bad debts of $60,000 in 2019, 2018, and 2017)	800,183	1,128,538	918,816
Other receivables	20,328	15,314	10,441
Prepaid expenses	83,780	30,148	9,798
Inventories, (net of inventory impairment allowance of $570,000 in 2019 and 2018, and $550,000 in 2017)	3,139,044	4,152,034	3,242,768
Total current assets	5,122,234	6,120,055	5,715,011
Property and equipment, at cost	6,375,934	5,968,929	5 ,598,957
Less accumulated depreciation and amortization	(3,338,876)	(2,990,346)	(2,684,083)
Property and equipment, net	3,037,058	2,978,583	2 ,914,874
Deposits - equipment purchases	281,480	511,781	544,852
Non-current trade receivable	76,200	75,000	-
Other assets	39,225	39,225	41,145
	$ 8,556,197	$ 9,724,644	$ 9,215,882

The accompanying notes are an integral part of the financial statements.

Mountain Man Nut & Fruit Co.

Balance Sheets (Continued)

December 31, 2019, 2018 and 2017

LIABILITIES AND STOCKHOLDERS' EQUITY

	2019	2018	2017
Current Liabilities			
Bank line of credit	$ -	$ 1,000,000	$ -
Accounts payable	90,698	212,224	76,071
Accrued expenses (Notes 3 and 5)	337,253	298,991	318,718
Due to related parties	795,464	110,445	-
Total current liabilities	1,223,415	1,621,660	394,789
	-	-	-
Commitments (Notes 4 and 5)			
Stockholders' Equity			
Common stock; no par value; authorized, 50,000 shares; issued and outstanding, 12,500 shares	23,513	23,513	23,513
Retained earnings	7,309,269	8,079,471	8,797,580
	7,332,782	8,102,984	8,821,093
	$ 8,556,197	$ 9,724,644	$ 9,215,882

The accompanying notes are an integral part of the financial statements.

Mountain Man Nut & Fruit Co.

Statements of Operations

For the Years Ended December 31, 2019, 2018 and 2017

	2019	2018	2017
Net sales	$ 14,363,368	$ 17,259,427	$ 19,848,428
Cost of goods sold	8,920,069	10,889,643	11,783,373
Gross margin	5,443,299	6,369,784	8,065,055
Selling, general and administrative expenses (Note 4)	6,278,992	7,108,491	7,578,361
	(835,693)	(738,707)	486,694
Income (loss) from operations			
Other income (expense):			
Interest income and dividends	2,833	4,672	4,533
Net unrealized gain (loss) from investments	36,728	15,117	6,150
Net realized gain (loss) from investments	(12,215)	(47,033)	
			(689)
Franchise and distribution fee income	10,510	22,285	48,311
Royalty income	63,835	191,303	87,159
Interest expense	(36,135)	(15,646)	
			(3,062)
	65,556	170,698	142,402
Net income (loss)	$ (770,137)	$ (568,009)	$ 629,096

The accompanying notes are an integral part of the financial statements.

Mountain Man Nut & Fruit Co.

Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2019, 2018 and 2017

	Common Stock		
	Shares	Amount	Retained Earnings
Balance, January 1, 2017	12,500	$ 23,513	$ 8,268,116
Net income	-	-	629,096
Distributions	-	-	(99,632)
Balance, December 31, 2017	12,500	23,513	8,797,580
Net loss	-	-	(568,009)
Distributions	-	-	(150,100)
Balance, December 31, 2018	12,500	23,513	8,079,471
Net loss	-	-	(770,137)
Distributions	-	-	(65)
Balance, December 31, 2019	12,500	$ 23,513	$ 7,309,269

The accompanying notes are an integral part of the financial statements.

Mountain Man Nut & Fruit Co.

Statements of Cash Flows

For the Years Ended December 31, 2019, 2018 and 2017

	2019	2018	2017
Net cash flows from (used in) operating activities	751,565	(1,243,502)	1,652,589
Cash Flows (used in) Investing Activities:			
Deposits - equipment purchases	-	(37,240)	(544,852)
Additions to property and equipment	(176,704)	(299,661)	(643,604)
(Additions) decrease to other assets	-	1,920	-
Net cash flows (used in) investing activities	(176,704)	(334,981)	(1,188,456)
Cash Flows from (used in) Financing Activities:			
Distributions	(65)	(150,100)	(99,632)
Bank line of credit repayments	(1,000,000)	1,000,000	500,000
Related party borrowing	700,000	-	(500,000)
Net cash flows from (used in) financing activities	(300,065)	849,900	(99,632)
Net increase (decrease) in cash and cash and equivalents	274,796	(728,583)	364,501
Cash and cash equivalents, Beginning of year	660,401	1,388,984	1,024,483
Cash and cash equivalents, End of year	$ 935,197	$ 660,401	$ 1,388,984

Cash Flows from (used in) Operating Activities:			
Net income (loss)	$ (770,137)	$ (568,009)	$ 629,096
Adjustments to reconcile net income (loss) to net cash flows from operating activities:			
Provision for bad debts	-	-	-
Provision for impairment - inventory	-	20,000	40,000
Net unrealized (gain) loss on trading securities	(36,728)	(15,117)	(6,150)
Net realized (gain) loss on trading securities	12,215	47,033	689
Depreciation and/or amortization	348,530	306,263	284,176
Changes in assets and liabilities:			
Accounts receivable	327,155	(284,722)	345,783
Other receivables	(5,014)	(4,873)	(6,161)
Purchase of marketable securities	(2,699)	(48,005)	(59,364)
Proceeds from marketable securities	17,130	26,673	73,427
Inventories	1,012,990	(929,266)	370,670
Prepaid expense	(53,632)	(20,350)	117,198
Accounts payable	(121,526)	136,153	(217,394)
Accrued expenses	38,262	(19,727)	80,619
Due to related party - trade payable	(14,981)	110,445	-

Mountain Man Nut & Fruit Co.

Notes to Financial Statements

For the Years ended December 31, 2019, 2018 and 2017

1. Summary of Significant Accounting Policies

Business

Mountain Man Nut & Fruit Co. (the Company) is in the business of processing, manufacturing, packaging, wholesaling and retailing nuts, dried fruits, chocolates, candies and gift items. The Company has two full time retail stores and leased manufacturing and processing facilities in Colorado. Sales are made to distributors and sub-franchisers (collectively "franchisees" or "distributors") in Colorado and many of the other states in accordance with agreements negotiated with them, but most sales are made to other companies as private label sales (see "Major Customers"). The Company recognizes revenue upon delivery of product to customers, and trade receivables are reported at the amount management expects to collect from outstanding balances. Credit is advanced on a short-term basis, primarily to distributors and to retail companies outside the Denver metropolitan area, including (currently) two major private label sales customers, and these receivables are unsecured. Management believes the widespread franchisees base will somewhat mitigate material credit risk for those sales, but major customers may present a credit risk as disclosed herein. Interest is assessed on past-due receivables. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

The Company generally assesses finance charges on account balances more than 30 days past due (i.e. 40 days after product delivery), and continues assessing charges until an account is collected or deemed uncollectible and, generally, sent to a collection agency. All such amounts were included in management's review of the adequacy of the allowance for bad debts. Finance charges assessed on all trade receivables, in 2019, 2018 and 2017, were not significant.

Major Customers

The Company has significant sales to a major grocery operation, which operates through multiple subsidiaries and affiliates. Sales to the grocery customer amounted to $7,892,020, $9,909,629, and $12,122,938, in 2019, 2018 and 2017, which represents 54.7%, 57.4%, and 60.7% of sales, respectively (of which $512,745, $629,237, and $608,044 is included in accounts receivable at December 31, 2019, 2018 and 2017).

In 2019, 2018 and 2017, sales to another major customer amounted to $1,806,066, $2,238,864, and $2,154,512 (12.5%, 13%, and 10.8% of sales, respectively), of which $188,145, $199,476, and $165,313 is included in accounts receivable at December 31, 2019, 2018 and 2017, respectively.

Total revenue from private label sales amounted to $9,754,187, $12,182,155, and $14,337,804, in 2019, 2018 and 2017, respectively.

Cash Equivalents

The Company considers highly-liquid investments with original maturities of three months or less as cash equivalents, as well as money-market funds.

Mountain Man Nut & Fruit Co.

Notes to Financial Statements

For the Years Ended December 31, 2019, 2018 and 2017

1. Summary of Significant Accounting Policies (continued)

Reclassification

Certain balances in the prior year financial statements have been reclassified to conform to the presentation for the current year.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value, and are presented net of an allowance for impairment of $570,000 at December 31, 2019 and 2018, and $550,000 at December 31, 2017. $20,000 in 2018 and $40,000 in 2017 is included in cost of sales as a provision for estimated loss on sale of slow-moving stock.

Shipping and handling costs are included in cost of sales.

Investments

Marketable securities are carried at fair value, based generally on quoted market prices (see Note 6). All investments are considered to be trading securities, and any unrealized gains or losses are included in results of operations. Realized gains or losses are based on specifically identified costs of stocks and debt securities, and on average cost for mutual funds.

Property and Equipment

Depreciation is computed using generally the straight-line method over estimated useful lives of five to thirty-nine years.

A summary of property and equipment at December 31, 2019, 2018 and 2017, follows:

	2019	2018	2017
Land	$568,000	$568,000	$568,000
Orchard development	808,198	797,670	797,670
Buildings	117,000	117,000	117,000
Machinery and equipment	3,081,521	3,007,759	2,677,234
Furniture and fixtures	343,412	343,412	331,565
Vehicles	103,203	103,203	103,203
Leasehold improvements	1,354,600	1,031,885	1,004,285
	$6,375,934	$5,968,929	$5,598,957
	========	========	========

Cash and Cash Equivalents Credit Risk

At December 31, 2019, 2018 and 2017, the Company had bank balances (i.e., balance per bank statements) in its checking accounts of $377,129, $470,329, and $590,639, respectively, in excess of FDIC coverage.

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

Preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements. Actual results may differ from these estimates, and such differences could be material. A significant estimate in the accompanying financial statements is the allowance for inventory impairment, which may be considered as reasonably possible to change in the near term.

Advertising Costs

The Company expenses advertising costs when incurred. Such costs amounted to $4,794, $6,018, and $22,726, in 2019, 2018 and 2017, respectively.

Sales Tax

The State of Colorado imposes a sales tax on all of the Company's in-state sales to nonexempt customers. The Company collects that sales tax from customers and remits the entire amount to the State. The Company's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

Deposits

At December 31, 2019, 2018 and 2017, $281,481, $511,781, and $544,852 is included in deposits for equipment purchases which are to be applied when the equipment is delivered.

2. Income Taxes

Effective July 1, 1989, the Company elected status as an "S Corporation." As such, the Company's earnings or losses are passed directly through to its shareholders, and the accompanying statements of income do not include any provision for income taxes. Management believes that there are no uncertain tax positions.

3. Related-party Lease Transactions

The plant facility, a warehouse, and a retail store used by the Company are owned by a limited liability company controlled by a related party (Heirborn), whose financial position and operating results are not included in the accompanying financial statements because its primary purpose is to lease real property to the Company. Occupancy is on a month-to-month basis, and is expected to continue in the long term.

3. Related-party Lease Transactions (continued)

The following summarizes lease payments to Heirborn:

	2019	2018	2017
Parker plant	$480,000	$480,000	$480,000
Warehouse	$216,000	$216,000	$216,000
Parker retail store	$ 24,000	$ 24,000	$ 24,000

Additionally, the Company pays real property taxes for these facilities, which amounted to $180,215, $141,196, and $134,399 at December 31, 2019, 2018 and 2017, respectively. The Company also paid $39,530, $48,170 and $41,362 in association dues for the warehouse lease in 2019, 2018, and 2017, respectively.

The Company also subsidizes a retail store in the amount of $24,000 per year, which is owned by a different related party, for promotional benefits to the Company.

4. Commitments and Contingencies

The Company entered into a lease effective January 1, 2016, for $7,200 per month through December 31, 2018, which is used to assemble racks for grocery chain operations and other operating activities. That arrangement has been continued on a month-to-month basis at $5,400 per month in 2019.

Prior to 2019, the Company had been leasing retail space on a month-to-month basis. However, in 2019, the Company entered into a lease commitment for this retail space effective August 14, 2019. At December 31, 2019, the Company was obligated under the lease as follows:

2020	$20,000
2021	$20,000
2022	$20,000

Additionally, the Company is liable for certain common maintenance expenses related to the leases. The Company incurred $871,837, $905,655, and $933,351, in rent and related expenses during the years ended December 31, 2019, 2018 and 2017 under these arrangements and the related party leases described in Note 3.

5. Profit-Sharing Plan

The Company established a profit-sharing plan effective July 1, 1980. The plan is currently a safe harbor 401(k) plan, and the Company matches the first 3% of employee deferrals, and 50% of the next 2%. Safe-harbor matching contributions are fully-vested. Full-time employees with at least one year of employment are eligible to participate. Plan benefits from non-safe-harbor employer contributions vest 20% per year after two years of service, with full vesting after six years.
Discretionary Company contributions, if any, are determined annually by the Board of Directors. There were no such contributions in 2019, 2018 and 2017.

The employees are fully vested in their deferrals. The Company made matching contributions to the plan of $37,839, $41,204, and $41,876 for 2019, 2018 and 2017, respectively.

6. Fair Value Measurements - Investments

FASB Codification Section 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 — Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

6. Fair Value Measurements – Investments (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Company at year end.

Common and Preferred Stocks: Valued at quoted market prices at year-end.

Following are summaries of investments held at December 31 (all level 1):

	Level 1		
	2019	2018	2017
Mutual funds	$ 67,530	$ 59,869	$ 58,380
Common and preferred stocks	76,172	73,751	85,824
	$ 143,702	$ 133,620	$ 144,204

There are no changes in the valuation methods during the years presented.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

7. Land Purchase – Nut Orchards

The Company acquired land in Arizona in January, 2014, and the Company has incurred costs to begin development of this land to produce pistachio nuts, under contract management with an independent party (contract fees of $54,600, $50,400, and $42,000 in 2019, 2018, and 2017, respectively).

8. Lines of Credit

Through November, 2019, when it was paid, the Company had an agreement for a bank line of credit not to exceed $1,250,000, which was secured by substantially all Company assets. Interest was calculated at 2.5% over the LIBOR, but not less than 3%. The line contained various covenants, which included but were not limited to the following:

8. Lines of Credit (continued)

- The line must have an annual 30 day "rest period"
- The Company may not borrow more than $50,000 from other sources, including capital leases
- The Company must have an annual fixed coverage charge ratio, as defined, of at least 1:15 on a combined basis with Heirborn
- The line is guaranteed by the two principal shareholders of the Company and by Heirborn
- Changes of 25% or more in common stock ownership are prohibited
- The bank may deem a default occurrence if it considers that there has been a material adverse change in financial condition or in good faith believes the loan to be insecure

Heirborn has a mortgage debt with the bank for the warehouse which is leased to the Company, and the Company has guaranteed that debt. The debt carries a deed of trust on the Parker plant. That loan requires monthly payments of $11,981 and an estimated balloon payment of $2,147,247 on December 14, 2019. The debt is also guaranteed by the Company's two principal shareholders. It also has the same provisions regarding deemed default if the bank decides that there has been a material adverse change or in good faith believes the loan is insecure. There are other covenants as well, but essentially the Heirborn debt and Company debt are cross-collateralized, and a default on one can cause a default on the other. The respective loan agreements should be consulted for additional provisions. The warehouse debt due date was extended and then refinanced in March, 2020, with similar guarantees and covenants.

9. Related-party Transactions

In 2019, 2018 and 2017, Heirborn sold the Company pistachio nuts in the amounts of $143,382, $227,357, and $33,300, respectively, which represents a minor percentage of food purchases. $110,445 was due to Heirborn at December 31, 2018, and is included in current liabilities. The Company will continue to purchase this product from Heirborn in the future, but Heirborn's principal relationship with the Company is to lease real property to it. Similar product is available from other suppliers.

Additionally, the Company borrowed $200,000 from Heirborn and $500,000 from its two founders (also stockholders) in 2019 to retire the bank line of credit. There is no specified repayment date or interest, and the payables are included in current liabilities. In 2019, the Company acquired certain assets from a company in liquidation, and $95,464 was advanced by its founders to facilitate the purchase. This was repaid in March, 2020.

See Notes 3 and 8 for additional related party disclosures.

10. Cash Flows

No cash was expended for income taxes for any of the years presented. $36,135, $9,348, and $3,062 was expended for interest in 2019, 2018, and 2017, respectively. $233,852 in equipment deposits made in 2016 were applied to equipment purchased in 2017; $70,311 in deposits at December 31, 2017, were applied to equipment purchases in 2018; and $230,300 in deposits at December 31, 2018, were applied to equipment purchases in 2019. These are excluded from equipment purchases accordingly in the statements of cash flows.

11. Subsequent Events

Management has reviewed subsequent events through June 8, 2020, the date the financial statements were available to be issued, regarding disclosure in or adjustment to the financial statements.

12. COVID-19

In 2020, the coronavirus known as COVID-19 was officially declared a pandemic and spread throughout the world disrupting global economies. The virus resulted in the closure of many businesses throughout the United States. The Company was deemed to be an “essential business” and did not close, but as is the case with most business entities, operating results were affected, the extent of which will not be known until sometime in the future. In response to the situation, the Company obtained a forgivable loan as part of the PPP initiative in the amount of $595,300, with the amount forgiven to be determined by specified formulas and comparisons, which will be completed in the near future.

13. Recent Pronouncements

The Financial Accounting Standards Board (FASB) has issued ASU 2014-09 regarding revenue recognition (which, as amended, is included in ASC 606), which is effective for fiscal 2020. The Company has not adopted the provisions in ASC 606, and will do so on its effective date. Management believes its adoption will not have a material effect because of the nature of operations. FASB also issued ASU 2016-02 regarding leases, effective for fiscal 2021, which should not have a significant effect on operations but which will capitalize and amortize operating leases over their lives.

ITEM 22. FRANCHISE AGREEMENT TO BE USED

Following is a copy of the Distributor Franchise Agreement.

DISTRIBUTOR FRANCHISE AGREEMENT
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MOUNTAIN MAN NUT & FRUIT CO.

DISTRIBUTOR FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into by and between Mountain Man Nut & Fruit Co., a Colorado corporation, with its principal offices at 10338 South Progress Way,

Colorado 80134 ("Franchisor") or (“Manufacturer”), and ______________________________ whose address is __________________________ ("Distributor Franchisee" or ”Distributor”), dated this _____ day of ________, 20__ for identification purposes but effective only as of the date on which this Distributor Franchise Agreement is signed by the Franchisor.

RECITALS

WHEREAS, Franchisor is engaged in the manufacture, production, processing, and sale of dried fruit, nuts, chocolates, and other candy products which are distributed under the trademark, service mark and trade name of "Mountain Man Nut & Fruit Co." (Products); and

WHEREAS, Franchisor has developed a reputation for the quality of the products sold under the name of "Mountain Man Nut & Fruit Co."; and

WHEREAS, the potential and good will of Franchisor's business encompasses the trademark, service mark, and other marks; the methods of operation and high quality products; and

WHEREAS, Franchisor is the owner in the United States of the trademark "Mountain Man Nut & Fruit Co." and owns federal registration with the United States Patent and Trademark Office; and

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WHEREAS, Franchisor has developed a system for the distribution of its products through a network of distributor franchisees selling to office workers and businesses in established territories; and

WHEREAS, Franchisor desires to grant a distributorship (franchise) to Distributor Franchisee; and

WHEREAS, Distributor Franchisee desires to obtain the right to distribute Mountain Man products to the public within the exclusive territory; and

WHEREAS, Distributor Franchisee desires to work full-time to achieve the success of this Franchise;

NOW THEREFORE, in consideration of the covenants contained herein and for other valuable considerations, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE I GRANT OF FRANCHISE, TERRITORY, EXCLUSIONS

1.1 Franchise Fee. Concurrent with the execution of this Agreement and its acceptance by Franchisor, Distributor Franchisee shall pay to Franchisor a franchise fee in the amount of Seven Thousand Five Hundred Dollars ($7,500) per territorial unit or fraction thereof. The franchise fee is non-refundable**.**

1.2 Territorial Unit. The Franchise Territory granted to Distributor Franchisee is based on an analysis by Franchisor of the number of business establishments and the number of employees in an area roughly defined by Post Office zip code boundaries. The Franchise territory is established as an area that contains between two hundred fifty (250) to four hundred fifty (450) accounts (businesses) or, in a rural setting, an area with a population of fifty thousand (50,000) to seventy thousand (70,000) people, or an area that contains approximately 20,000 jobs. Any one of these definitions is used to describe a "Territorial Unit."

1.2.A Division of Franchise Territory. The Franchise Territory granted to Distributor Franchisee is to be considered one unit and as such will not be allowed to be subdivided and sold in portions without the approval of the Franchisor. This approval will only be granted if substantial growth of business has occurred in the area that would allow a second Distributor Franchisee to thrive. No approval will be given if the split of a territory will result in one or more undersized territories. A Franchise Fee of $7,500 would be due to the Franchisor at the time of this division and the creation of a second territory.

1.2.B Explosive Growth - Maximum Potential. If because of explosive growth, a territory exceeds the population limit of fifty thousand (50,000) to seventy thousand (70,000) people, or if business density and/or new growth clearly shows that one Distributor cannot adequately cover the Territory, the Franchisor may, at its sole and absolute discretion, require the Distributor

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Franchisee to sell a portion of the Territory or submit a plan for the servicing of the entire area.

Distributor Franchisee shall be notified in writing by Franchisor in the event that additional distribution is needed. Distributor Franchisee may submit in writing within thirty (30)

days a proposal to remedy the situation which may include an assignment of a portion of the Franchise Territory. No accounts developed by the Distributor Franchisee in the portion of Territory to be assigned will be maintained by the Distributor Franchisee, but rather become the property of the purchaser. No transfer fee would be charged, but the purchaser would be required to pay the appropriate Franchise Fee for the creation of a new territory. The Franchisor shall have sole and absolute right of approval of such remedy or assignment. The remedy or assignment must be completed within sixty (60) days following approval of the remedy or assignment by Franchisor. Should Distributor Franchisee fail to submit a proposal acceptable to Franchisor or fail to finalize an approved assignment of a portion of his territory within ninety (90) days following the original notice by Franchisor, the Franchise Territory may be reduced at the sole and absolute discretion of the Franchisor.

1.3 Grant of Franchise. The Franchisor hereby grants to Distributor Franchisee the right to distribute Mountain Man Nut & Fruit Co. products in the territory described in Exhibit A attached hereto and made a part hereof by this reference ("Franchise Territory"). Distributor Franchisee hereby accepts the appointment and agrees to act as Distributor. Distribution methods will be limited to those that are allowed in this contract and in the Distributor Handbook.

1.4 Exclusive Rights. The Franchisor shall not authorize any other person to sell packaged Mountain Man Nut & Fruit Co. labeled products on a route basis within the Franchise Territory subject to the restrictions set forth in this paragraph. All interest in

Mountain Man labeled packaged products received by Franchisor from persons within the Franchise Territory will be referred to Distributor Franchisee. Distributor Franchisee shall not sell or offer to sell Mountain Man products outside the Franchise Territory and shall refer any such interest in Mountain Man products to Franchisor. The Franchisor retains the right to sell to military commissaries and Mountain Man Nut & Fruit Co. retail outlets located in the Distributor Franchisee's territory. The Franchisor retains the rights to sell bulk product within the franchise territory. The Franchisor also retains the rights to all internet-related commerce. Franchisor retains the right to open a Mountain Man Nut & Fruit Co. store within the Franchisee's territory, providing the store location would fit all criteria necessary for the mutual success of a store and a distributorship. Subject to the foregoing exceptions, the Franchisor will not operate or authorize another Mountain Man Nut & Fruit Co. route in the Franchisee's territory, or permit another distributor to call on businesses within the protected area, with the exception of provision 4.7 of this contract.

1.5 In Reliance Party. This agreement between the Franchisor and Distributor is a personal one where the Franchisor has relied upon the active, substantial and continuing personal skill, ability, integrity, participation, qualifications and reliability of the individual who will be the Distributor Franchisee hereunder; therefore, the Distributor is prohibited from appointing any sub-distributors or in any way dividing the responsibility for the accomplishment of the performance criteria contained herein. Distributor Franchisee affirms that he will be the one and only person who is representing Mountain Man Nut & Fruit Co. to the general public in his area.

1.6 A. Exclusions—Retail establishments excluded. The franchise granted to Distributor Franchisee does not include the right to sell to any Mountain Man Nut & Fruit Co. retail outlets within the Franchise Territory. Franchisor reserves the right to establish select Mountain Man Nut & Fruit Co retail outlets in the Franchise Territory.

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B. Exclusions—Special Events and Fairs. Special events and fairs that happen only occasionally are not considered to be part of a route or franchise area as they are only temporary in nature. Registration for most events is considered to be on a "first come-

first serve" basis. Distributors that have historic presence (3 years) at annual events that are not in their area may continue to do these events until such time as they sell their route or discontinue their franchise or discontinue working the event. Preference for working an event will always be given to the distributor in the area if no historic presence can be determined. However, if an event happens in a given area, and the distributor in that area has not registered with the event coordinator to do the event, then another distributor may sell at the event, with no rights being conveyed to repeat the event or establish historic presence. You, as distributor, must be alert to events and fairs that are happening in your area and take the initiative to register for them. Events will not be reserved for you because of their location. Only one distributor per event is allowed. Mountain Man will not regulate these events, but will be the final authority to settle disputes, should one arise, over the right to do an event.

C. Exclusions—Internet Commerce. Internet Commerce is retained by the Franchisor and should not be assumed to be granted or permitted by this contract. Setting up sites on the internet and advertising as "Mountain Man Nut & Fruit Co." is strictly prohibited. Setting up an internet site as "Mountain Man Nut & Fruit Co." will be considered a violation of this Agreement with no right to cure and immediate forfeiture of Exclusive Distributorship.

1.7 Restriction to Retail Sales. Distributor Franchisee is restricted to retail sales directly to the public at the public's place of employment. Distributor Franchisee may not supply Product to retail stores or establish a Mountain Man retail outlet. Placement of Mountain Man Nut & Fruit Co. branded product by the Distributor Franchisee in a retail outlet will be considered a violation of this Agreement with no right to cure and immediate forfeiture of Exclusive Distributorship.

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1.7.A This agreement does <u>not</u> convey the right to own or operate a retail store that features Mountain Man Nut & Fruit Co. product, nor one that is known by the name of

"Mountain Man Nut & Fruit Co." Opening of an unlicensed retail outlet would be considered a violation of this Agreement with no right to cure and immediate forfeiture of exclusive distributorship unless separately licensed by the Franchisor**.**

1.8 Other Business Endeavors. Distributor Franchisee will not solicit or participate in any type of business or retail without the prior written approval of Franchisor. Distributor Franchisee will not sell or attempt to sell any product on his or her Mountain Man Nut & Fruit Co. route that has not been purchased from the Franchisor. The Distributor represents and warrants to Franchisor that he is now under no contract or agreement, nor has he previously executed any documents whatsoever with any other person, firm, association, or corporation that will, in any manner, prevent his giving, and Franchisor from receiving, the benefit of his full time services, in accordance with the terms of this Agreement. Selling any product on the Mountain Man Nut & Fruit Co. route that has not been purchased from the Franchisor is a violation of this contract with no right to cure and immediate termination of this agreement.

ARTICLE II TERM & FEES

2.1 Initial Term. The term of this Agreement shall be three (3) years from the date first above written, unless sooner terminated in accordance with the provisions of
Article XII.

2.2 Renewal Terms. This Agreement may be renewed at the discretion of the Franchisor for additional three (3) year terms provided Distributor Franchisee satisfies the following conditions:

1. Distributor Franchisee must notify Franchisor of his intent to renew in writing no less than sixty (60) days prior to the expiration of the initial term of this Agreement or any renewal term. If notification is not given, and the expiration

date is reached, this contract shall be deemed to be terminated within thirty (30) days from the date of receipt of Distributor

Franchisee's notice of intent to renew, Franchisor shall forward to Distributor Franchisee a copy of the Distributor Franchisee Agreement currently being executed by new distributor franchisees. Within thirty (30) days from the receipt of the agreement, Distributor Franchisee shall return two (2) executed copies of the Distributor Franchise Agreement to Franchisor. One fully executed copy of the Distributor Franchise Agreement shall be returned to Distributor Franchisee.

3. Distributor Franchisee must be current on all obligations to Franchisor both on the date of notification and on the renewal date.

4. Distributor Franchisee must be in compliance with all policies and procedures of Franchisor both on the date of notification and on the renewal date.

5. Distributor Franchisee must have met Franchisor's performance criteria as set forth in Article VI.

6. Contract renewal expenses must be satisfied. These fees are $100 payable at the time of renewal. Franchisor reserves the right to alter this fee at its sole discretion.

7. An up-to date list of customers that are currently being serviced by the distributor as well as route schedule must be provided at the time of renewal. This list and schedule will only be used in the case of abandonment or the death of a distributor.

2.3 Notice of Non-renewal. Should Franchisor elect not to renew the Distributor Franchise Agreement based on any of the above grounds, or elect not to offer Distributor Franchisee a new contract upon the expiration of the renewal terms provided for in this Distributor Franchise Agreement, Franchisor shall notify Distributor Franchisee in writing of its intention to not renew this Agreement thirty (30) days before the expiration of said initial or renewal term.

2.4 Extension by Franchisor for Limited Period. Franchisor may extend the initial or renewal term of this Distributor Franchise Agreement for a limited period in order to satisfy the time requirement set forth in the preceding paragraph for giving notice of non-renewal.

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Franchisor may also extend the contract period to allow Distributor Franchisee the time to perform according to the criteria, if reasonable attempt is being made.

2.5 Fees - Franchise. The franchise fee is $7,500 per territorial unit as described in Paragraph 1.1 above.

2.6 Fees - Renewal. Renewal fees of $100, (unless changed at the sole discretion of the Franchisor), is due at the time of renewal.

2.7 Fees - Royalties. No royalty fees are owed by franchisee on product that is purchased from Mountain Man Nut & Fruit Co. Only products purchased from Mountain Man Nut & Fruit Co. may be sold on the route, subject to immediate termination without notice for breach.

2.8 Fees - Transfer. These fees range from $1,000 to $4,000. Please see schedule in Article XIX, 19.1.

ARTICLE III TRAINING AND ASSISTANCE

3.1 Initial Training. Franchisor shall provide to Distributor Franchisee a Franchise Operations Manual, and Product Knowledge Manual. These training aids shall be used by the Distributor Franchisee prior to beginning operations.

3.2 Field Training. The Distributor Franchisee may request field training by the Franchisor after an initial 30-day period of actively working the route. The Franchisor may, at its sole discretion, provide such field training at no charge to the Distributor Franchisee provided that the Distributor Franchisee is in compliance with this agreement and can substantiate their need for such training.

3.3 Additional Assistance. Franchisor shall be reasonably available to provide advice and counseling with respect to the operations of the Distributor Franchisee's business as the Distributor Franchisee may reasonably require during normal business hours of Franchisor.

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3.4 Fee. If Franchisor should be requested to assist the Distributor Franchisee after any initial training, Franchisor may charge a fee for such assistance, which will be agreed upon in advance by Distributor Franchisee and Franchisor. Additionally, Distributor Franchisee shall be responsible for the Franchisor's representative's transportation,
meals, lodging, and other expenses should a representative travel to the Franchise Territory to provide such assistance.

3.5 Ongoing Education. Educational seminars or other training sessions may, at Franchisor's sole and absolute discretion, be scheduled to provide Distributor Franchisee information on topics such as sales, promotion, and advertising. The Distributor Franchisee's attendance shall be mandatory at no more than four (4) such seminars or training sessions per year if he lives within a 150-mile radius of the location of the meetings. Such mandatory attendance shall only apply during the initial term of the agreement (first three years). Franchisor shall bear the cost of the seminars and training materials. Distributor Franchisee shall bear all transportation, food, lodging, and other costs incurred as a result of attending the seminars.

3.6 Release of Franchisor upon Renewal. At the time that both the Franchisor and Franchisee have renewed this contract, the Franchisor shall be released from any training requirement and Franchisee shall be deemed to be fully trained.

3.7 Release of Franchisor upon Resale. At the time that the Franchisee sells his route and the new Franchisee signed the Distributor Franchise Agreement, the Franchisor shall be released from any training requirement unless requested to do so by new Franchisee. A fee will be charged as negotiated between Franchisor and Franchisee. The responsibility of training rests upon the seller, and any buyer is entitled to a training period of not less than two weeks. This will be provided by the seller in the event of a route transfer.

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ARTICLE IV

DISTRIBUTOR FRANCHISEE REQUIREMENTS

4. This franchise requires a full-time effort by the Distributor Franchisee. Distributor Franchisee agrees that his full-time effort will be given to selling Mountain Man Nut & Fruit Co. products. Full-time effort will be interpreted as 8 hours per day, 5 days per week given to the sale and procurement of customers on a route, with regular service being performed to these customers. No part-time effort (less than 40 hours per week) will be considered as fulfilling the requirements of this contract. Any distributor not working 40 hours per week (full-time) will be subject to termination. Franchisee must maintain his personal hygiene and appearance in a manner that will not be offensive to customers on the route. This includes clothing that is clean and neat in appearance, hair that is clean and neat, no body piercings that are visible other than on the earlobes (limited to 2 per ear) or tattoos covering more than 4 square inches that are not covered with clothing. No smoking is permitted by Distributor Franchisees. Also, no smoking is permitted in any area that product is stored or transported.

4.1 Vehicle. Distributor Franchisee shall have available a vehicle in good working condition suitable for use in distributing Mountain Man products in the Franchise Territory.

4.2 Storage Facility. Mountain Man Nut & Fruit Co. has built its reputation on delivering fresh, quality product to its customers. Distributor Franchisee shall have available an adequate amount of clean, smoke and odor-free storage space to be used for storing Mountain Man products and supplies.

4.2.A Pest Control. It is the Distributor Franchisee's responsibility to keep this storage area sanitary and free from pests. Meeting these responsibilities may require the use of an outside pest control service at regular intervals at the expense of the Distributor Franchisee.

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4.2.B Home Storage. Product storage in your home may or may not be possible depending on the regulations of your state and/or local governments. It is the Distributor Franchisee's responsibility to research and comply with these regulations.

4.3 General Liability Insurance. Distributor Franchisee must obtain general liability insurance coverage in the amount of One Million Dollars ($1,000,000), which covers liability for bodily injury, property damage, and premises. This is required to cover any damage that might occur while you are on route, and it is often required by a property owner before you are allowed into their building. If you have an existing homeowner's policy, it is possible that the liability policy can be added as an umbrella to an existing policy. However, the Distributor Franchisee should consult their insurance agent to confirm this. Should the Distributor Franchisee have any trouble obtaining this policy, the Franchisor will assist with information on known insurers that other Distributor Franchisees are working with. Distributor Franchisee must provide a certificate of insurance to the Franchisee. When requesting this proof of insurance with your agent, instruct them to list Mountain Man Nut & Fruit Co. as an additional insured and have them send the certificate to: Mountain Man Nut & Fruit Co.

10338 S. Progress Way
Parker, CO 80134
303-841-4100 FAX

4.4 Automobile Liability Insurance. Prior to the commencement of operations, Distributor Franchisee is required to provide Franchisor with a Certificate of Insurance from a carrier acceptable to Franchisor, showing Five Hundred Thousand Dollars ($500,000) of combined single limit automobile liability coverage on Distributor Franchisee's delivery vehicle.

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4.5 Certificates of Insurance. The insurance policies discussed above shall provide thirty (30) days written notice to Franchisor of cancellation of the coverage. Distributor Franchisee must obtain replacement coverage within ten (10) days prior to the expiration or cancellation of coverage.

4.6 License. Distributor Franchisee shall obtain any license required by any state or jurisdiction where this Distributor Franchise Agreement is to be performed and shall maintain such license throughout the term of this Distributor Franchise Agreement.

4.6.A Sales Tax License. It is the Distributor Franchisee's responsibility to obtain a sales tax license or an exemption certificate from the state in which the Distributor Franchisee is doing business. A copy of said license must also be kept on file with the Franchisor.

4.7 Absence from Route. Should the Franchisee be injured (event) or unable to perform the duties of maintaining the route on a full-time basis (See section 4), Franchisee must inform the Franchisor within 72 hours of such event. If this absence is to be for a period longer than 30 days, then Franchisee is responsible to appoint someone ("temporary distributor") to temporarily fill the position of performing the duties of maintaining the route. Franchisee must also notify Franchisor of the name, address, and telephone number of this "temporary distributor". Under no circumstances will this person be allowed to service the route for a period longer than 90 days from the date of the event. If Franchisor has not been notified of the temporary filling of this route within 7 days, then Franchisor may, at its sole discretion, appoint a temporary distributor to service the accounts until Franchisee is able to once again take on the duties of a full-time distributor. Franchisee must submit a route schedule to Franchisor, which includes the name, address, and service schedule of all accounts. This “temporary distributor” will have no right to service customers after the Franchisee is able to resume his duties. There will be

no monetary compensation to the Franchisee of record by either the Franchisor or any temporary distributor named to service the accounts for this interim period.
In the event that the Franchisee will be disabled as described above for a period longer than 90 days, Franchisor has the right to ask the Franchisee to sell his territory, at Franchisor’s sole discretion.

4.8 Franchisor’s right to inspect. Franchisor shall have the right to accompany Franchisee on his route from time to time for the purpose of offering advice and comment on Franchisee’s method of operation. This will be accomplished at Franchisor’s request at a time mutually acceptable, but within 7 (seven) days from Franchisor’s request.

ARTICLE V

TRADEMARK

5.1 Ownership. The trademark "Mountain Man Nut & Fruit Co." is the exclusive property of Franchisor together with associated trade names, service marks, insignia, logos, and labels used to identify Mountain Man products, referred to collectively as "Symbols". Nothing in this Distributor Franchise Agreement shall give the Distributor Franchisee any interest in the above assets of the Franchisor.

5.2 Use of Symbols. Franchisor grants to Distributor Franchisee, upon the terms and conditions herein contained, during the term of this Distributor Franchise Agreement, the right to use and display Franchisor's Symbols in connection with his distribution operations. Use of such symbols is limited to the following conditions:

5.2.A Use of logo. The Logo (circle with mountains and trees as shown at start of contract) is an integral part of the trademark for Mountain Man Nut & Fruit Co. It can only be used with the name, "Mountain Man Nut & Fruit Co.," and cannot be incorporated into any other logo or design. Furthermore, in using the logo with the name, the name must be drawn in the same lettering style as shown at the beginning of this contract. Utilizing the logo in any other fashion is a violation of federal trademark law.

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5.2.B Use of "Mountain Man Nut & Fruit Co." Franchisor <u>does not</u> grant Distributor Franchisee the right to use the name "Mountain Man Nut & Fruit Co." as identification for his or her business on bank accounts, in purchasing, in establishing credit, etc. Distributor Franchisee must choose a name for his or her business, which must be approved by the Franchisor. Distributor Franchisee can then use the phrase, "Distributor for Mountain Man Nut & Fruit Co." in conjunction with their business name (i.e. Sandy's Candy, Distributor for Mountain Man Nut & Fruit Co.) Under no circumstances may a Distributor Franchisee register for a trade show as "Mountain Man Nut & Fruit Co.", or use the name "Mountain Man Nut & Fruit Co." in such a way that they would be construed to be representing Mountain Man Nut & Fruit Co., the Franchisor, when purchasing any product or in any business relationship that would use the credit and good name of Mountain Man Nut & Fruit Co. to gain advantage or to incur debt. The use of our trademarked name "Mountain Man Nut & Fruit Co." in such a way is a violation of this contract without right to cure.

5.3 Use on Other Products. Distributor Franchisee hereby covenants and agrees that he will not at any time use Franchisor's Symbols to identify other products not purchased
from Franchisor. He also agrees not to sell items in conjunction with products of Mountain Man Nut & Fruit Co. which would cause the assumption of association with Mountain Man Nut & Fruit Co. products.

5.4 Defense of Symbols. Franchisor shall defend the Symbols against infringement by any person, corporation or other entity if the Symbols are used in such a manner as to confuse the trade or public in identifying Franchisor's products or programs. 5.5 Limitation of Liability. In the event that a claim, suit or demand is commenced by any third party against Distributor Franchisee related to the use of the Symbols by Distributor Franchisee, Franchisor shall promptly defend Distributor Franchisee against such action with counsel of Franchisor's choosing. If a judgment in such action is ultimately established by a final judgment of a court of competent jurisdiction, Franchisor's liability to Distributor Franchisee shall be limited to the following:

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1. Franchisor shall bear any money judgment, including interest, costs and fees, if any, awarded against Distributor Franchisee in said final judgment.
2. Franchisor shall bear the reasonable cost of removing any infringing marks, logos or insignias from any facilities, supplies or goods of Distributor Franchisee. At its election, Franchisor may satisfy its obligations hereunder by purchasing such supplies or goods from Distributor Franchisee at his actual cost.
3. Franchisor shall provide to Distributor Franchisee a new mark, logo or insignia to replace that which was prohibited by such action, as soon as reasonably possible. In no event shall Franchisor have any liability or obligation to Distributor Franchisee for any other asserted loss or damage to Distributor Franchisee or his business, including, without limitation, any asserted lost profits or other damages to Distributor Franchisee's business or goodwill.

ARTICLE VI PERFORMANCE CRITERIA

6.1 Performance Criteria. Basic performance of the Distributor under this Agreement will be evaluated by the Franchisor based on wholesale purchases.

6.2 Minimum Objectives Defined. After a startup period of one hundred twenty days (120) days, (four months) a new distributor is required to average $400 per week in wholesale purchases minimum.

6.2.A. After twelve (12) months of operation, a distributor is required to average a minimum of $550 per week in wholesale purchases minimum.

6.2.B. After eighteen (18) months of operation, a distributor is required to average a minimum of $750 per week in wholesale purchases minimum.

6.2.C. Performance Criteria for an Assignee of a contract will be considered to be maintaining or exceeding the historic volume of the route purchased, but in no case less than the minimums outlined above.

6.3 Sales Growth. Distributor commits to use every effort to promote the sale of the Products, to advertise and canvas and to prominently display the Products, to maintain

an inventory at all times equal to one week's required purchases, to fill orders promptly and to enable attainment of the standards above. The above criteria is based on the expected results of working the distributorship on a full time basis of 40 hours per week.

6.3.A. The Franchisor will have the option of non-renewal if the performance is below the criteria described above.

6.3.B. Any franchise that is performing below the levels described above, for the purposes of resale, will be deemed to be non-transferable, without retraining by the Franchisor. The Distributor Franchisee would be limited in the sale of the area to finding a buyer and being available to introduce the new Distributor Franchisee in the accounts. Training of the new distributor would be done by the Franchisor and a fee of $2500 would be payable before assignment and before training.

6.3.C. Time of the Essence. Time is of the essence in the performance of this Agreement.

6.4 Inability to Perform. Either Party's obligation to perform duties under this Agreement is suspended if the failure to perform is caused by fire, floods, earthquakes, explosions, failure or destruction of equipment, plant, premises, or facilities; riots, war, strikes, labor
disturbances; material or equipment shortages; governmental controls or orders of any court or regulatory agency; and any other event beyond the control of the Parties, such as Acts of God or force of nature. Should either party's performance be suspended in excess of sixty (60) days, this Agreement may be terminated immediately, without recourse by the other Party, by the giving of Notice as provided in Article XX hereof.

ARTICLE VII REPORTS

7.1 Monthly Reports. Distributor Franchisee shall furnish monthly reports to Franchisor, on reporting forms supplied by Franchisor, showing all new accounts established during the month and the monthly retail sales volume of all accounts. The monthly report must also show the wholesale dollar value of inventory on hand at the end of the month. The

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monthly report shall be due in Franchisor's office no later than ten (10) days after the end of each month.

ARTICLE VIII ORDERS AND PAYMENTS

8.1 Method and Frequency of Ordering. Orders by Distributor Franchisee should be placed by fax or e-mail with Franchisor on a weekly basis. In no event shall Distributor Franchisee place orders on a consistent basis less often than every fourteen (14) days.

8.2 Initial Order. Distributor Franchisee shall purchase at least two hundred fifty (250) pounds of Mountain Man product as its initial order.

8.3 Re-supply Orders. Distributor Franchisee shall submit re-supply orders at least three (3) working days in advance of the pick-up or ship date desired and is advised to call ahead on pick-up date to arrange for a specific pick-up time. The focus of the distributor franchisee program is to supply end users or customers with the finest quality products in a timely manner. To assure that inventory is being bought and resold to end users, no re-orders will be processed until the Franchisor has received the previous monthly report verifying that no less than seventy percent (70%) of the product in the Distributor Franchisee's inventory has been resold to end users or customers.

8.4 Returned Product. All food products are guaranteed to be fresh and of the highest quality. All sales are considered to be final. However, Mountain Man Nut & Fruit Co. may at its sole and absolute discretion authorize returns under the following conditions:

1. Product Failure. Should product be deemed to be inferior by both Franchisee and Franchisor, product can be returned. A Return Authorization Number must be obtained before sending any products back along with directions for how to return items in question. Credit will be issued when goods are received by Franchisor. Franchisor will only honor this commitment on product that has been in the possession of the Franchisee for less than thirty (30) days. Should it be deemed that the condition of the product resulted from improper handling by the Franchisee, no credit will be given.

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2. Inventory overstock. Should product need to be returned due to unforeseen circumstances, returns are authorized for products in saleable condition and not older than two weeks from date of receipt of product. There is a ten percent (10%) restocking charge on all returned merchandise, which covers costs of repackaging and reentering products into inventory. The return policy includes everyday food products and excludes seasonal or special promotion items. There is no return allowed for overstock on seasonal or promotional items. Permission for each return must be obtained from Franchisor prior to its return. Franchisee is responsible for all charges that may arise from returning product. Authorization to return Product is at the sole and absolute discretion of the Franchisor.

8.5 Carrier. Shipment carrier selection is the responsibility of Distributor Franchisee and Distributor Franchisee acknowledges that freight charges may be payable immediately upon receipt of the goods depending upon arrangements made with the carrier by Distributor. Franchisor shall not be responsible for the selection of the least expensive or best method of shipping if it is required to select the shipment carrier due to Distributor Franchisee's failure to do so. At such failure, selection of a common carrier shall be at Franchisor's sole and absolute discretion.

8.6 Acceptance. All orders are subject to approval by Franchisor, which may be given in whole or in part on the date of shipment or the date of pick-up. Franchisor will use its best efforts to fill all orders for Mountain Man products; however, at times the popularity of certain Mountain Man products may be such that Franchisor may need to apportion certain products to ensure their availability to all Distributor Franchisees. Franchisor shall not be liable for delay or non-delivery of Mountain Man products ordered nor is Franchisor obligated to deliver to Distributor Franchisee any particular quantity of Mountain Man products.

8.7 Payment. Distributor Franchisee shall pay for all orders on a C.O.D. (cash on delivery) basis. Shipped orders must be paid for by credit card or by wire transfer before

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the product leaves the production facility. Title to products Franchisor sells to Distributor hereunder will pass on receipt of funds by Franchisor.

ARTICLE IX PRICES

Distributor Franchisee is an independent contractor and shall purchase products from Franchisor at its current wholesale prices. Franchisor does not require the Distributor Franchisee to sell Mountain Man products at specific prices, but may provide guidelines for computing percentage markups. The Distributor Franchisee may sell Mountain Man products within the Franchise Territory at any price he establishes. Distributor Franchisee acknowledges that the goods purchased from Franchisor include a margin for profit in addition to the seller's costs.

ARTICLE X ADVERTISING AND PROMOTION

10.1 Prior Approval. Franchisor may provide Distributor Franchisee with advertising and promotional materials. If such materials are provided, Distributor Franchisee is encouraged to duplicate, distribute, and use the materials in promotional activities. If Distributor Franchisee desires to use additional promotional materials, at least twenty (20) days prior to their intended use Distributor Franchisee shall deliver to Franchisor for its approval all advertising copy, promotional material, or other written or printed material Distributor Franchisee desires to use in promoting the sale of Mountain Man products.

Unless Franchisor notifies Distributor Franchisee within fifteen (15) days of receipt that the materials have been disapproved, the Distributor Franchisee may proceed to use the materials.

10.2 Display of Logo. Distributor Franchisee shall use and display the "Mountain Man Nut & Fruit Co." trade name, trademark and logo during the term of this Distributor Franchise Agreement, and will make the foregoing the primary focus of identification on all promotion and sales material and all direct mailings.

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10.3 Additional Programs and Merchandise. Franchisor has and will continue to make improvements to the Products and methods of operation. Distributor will have the opportunity to adapt, and may be required to adapt, to such improvements at the election of the Franchisor when introduced by the Franchisor. In this connection, and in an effort to comply with federal labeling requirements, ensure safe distribution of the Products and to protect the continuity, quality control, and potential products liability exposure and Marks of the Products being offered, Distributor hereby agrees that all new product development, additions to the product line or creative adaptation to existing Products must have prior approval by the Franchisor.

ARTICLE XI CONFIDENTIAL INFORMATION

11.1 Preservation of Trade Secrets and Confidential Information. The parties acknowledge and agree that the Franchisor has developed and acquired certain valuable intellectual property and trade secrets which the parties agree to protect by this covenant of confidentiality.

11.2 Definition. For purposes of this Distributor Franchise Agreement, "Trade Secrets" shall include all information regarding the following: materials, specifications, designs, plans, formulas, engineering, purchasing, manufacturing techniques, sales techniques, forms, advertising materials, work orders, customer lists, contracts, policy statements, budgets, materials concerning Mountain Man Products, financial condition, and employees and materials containing the foregoing, including without limitation, all manuals, bulletins, instruction sheets and supplements of Franchisor.

11.3 Prohibited Uses. Distributor Franchisee will preserve the Trade Secrets of Franchisor and will use such property and material solely for the purposes of this Distributor Franchise Agreement.

11.4 Survival of Covenant. This covenant to maintain the confidentiality of Franchisor Trade Secrets shall survive the termination or expiration of this Distributor Franchise Agreement, whether by reason of default, lapse of time, or other cause.

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11.5 Remedies. The parties acknowledge and agree that substantial and irreparable harm to the Franchisor will occur if Confidential Information is disclosed in violation of this Distributor Franchise Agreement. The parties agree that an injunction without bond is a proper remedy to enforce the terms of this covenant in addition to all other remedies available at law or in equity.

ARTICLE XII TERMINATION

12.1 Distributor Termination. Distributor Franchisee may terminate this Distributor Franchise Agreement upon not less than thirty (30) days written notice to Franchisor, but the franchise fee shall not be refunded regardless of the duration of the Distributor Franchise Agreement. Distributor Franchise fees are non-refundable.

12.2 Termination for Good Cause. Franchisor may terminate this Distributor Franchise Agreement for "Good Cause." Good Cause is defined as a material breach of any provision of this Distributor Franchise Agreement.

12.3 Non-monetary Default - Right to Cure. Except with respect to Distributor Franchisee's failure to pay any of the sums due the Franchisor hereunder, the Franchisor may terminate the Franchise Agreement if the Distributor Franchisee fails to cure a default within thirty (30) days after written notice of such default. In the case of a default which is impossible to cure within said thirty (30) day period, the Distributor Franchisee will be given a reasonable amount of time in which to cure the default provided Distributor Franchisee advises Franchisor in writing of the need for such additional time within the thirty (30) day period, and uses its best efforts to cure said default at the earliest possible time. This Distributor Franchise Agreement may be terminated at Franchisor's option upon Distributor Franchisee's failure to timely cure a non-monetary default.

12.4 Monetary Default - Ten (10) day right to cure. If Distributor Franchisee defaults in the payment of any sum due under this Distributor Franchise Agreement, Franchisor may at its election terminate this Distributor Franchise Agreement provided Distributor

Franchisee is given written notice of the default and ten (10) days in which to cure the default. Termination pursuant to this provision is effective upon the date of notification if the default is not cured.

12.5 Multiple Defaults within Twelve (12) Month Period. If two (2) defaults of the same provision of this Distributor Franchise Agreement occur within a twelve (12) month period for which Distributor Franchisee has been given notice and opportunity to cure, Franchisor may terminate this Distributor Franchise Agreement upon any subsequent default of the same provision within such twelve (12) month period without notice or opportunity to cure.

12.6 Termination Without Notice. The Franchisor has the right to terminate this Distributor Franchise Agreement without prior written notice to the Distributor Franchisee or right to cure upon the occurrence of any of the following incurable breaches of this Distributor Franchise Agreement by the Distributor Franchisee:

1. Representing oneself as Mountain Man Nut & Fruit Co. when registering at a tradeshow, applying for credit, or in any way using the good name and credit of Mountain Man Nut & Fruit Co. which would imply corporate affiliation.
2. In the event the Distributor Franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchisor and the Mountain Man system, including, but not limited to, the sale of products from a third party under the Mountain Man trademark or name, or the sale and distribution of merchandise not approved by Franchisor.
3. If the Distributor Franchisee is convicted of a felony or any other criminal misconduct, which is relevant to the operation of the franchise.
4. If the Distributor Franchisee abandons the franchised business. For purposes of this Distributor Franchise Agreement, "Abandonment" shall mean: (1) any time the Distributor Franchisee fails to sell Product to accounts previously established or to establish new accounts in the Franchise Territory for a period of eleven (11) consecutive working days without the prior written approval of Franchisor; or (2)

5. Distributor Franchisee fails to make purchases of more than $500 from the Franchisor during any 30 day period of time. An annual vacation of ten (10) consecutive working days or less will not require written approval of Franchisor. A vacation of longer than ten (10) consecutive working days will require written approval by Franchisor of Distributor Franchisee's plan for coverage of the Franchise Territory during his absence.

6. In the event the Distributor Franchisee is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the Distributor Franchisee admits its inability to pay its debts as they come due.

6. In the event that the Distributor Franchisee makes any material misrepresentation relating to the acquisition of the franchise business.
7. The Distributor Franchisee fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state, or local law or regulation applicable to the operation of the franchise.
8. The Distributor Franchisee has any three violations of this contract within one contract period of this Distributor Franchise Agreement, whether or not corrected after notice.

9. The Franchisor makes a reasonable determination that continued operation of the franchise by the Distributor Franchisee will result in an imminent danger to public health or safety.
10. Distributor Franchisee opens an unlicensed and unapproved Mountain Man Nut & Fruit Co. retail store or sells Mountain Man Nut & Fruit Co. branded product to a retail store for sale or distribution.
11. Selling non-Mountain Man product on the route.
12. Operating in another franchisee's territory after being notified of the breach.

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12.7 Suspension. Should any party's performance under this Distributor Franchise Agreement be suspended as defined in Article VI, in excess of sixty (60) days regardless of the cause, this Distributor Franchise Agreement may be terminated immediately by the other parties following written notice.

ARTICLE XIII

RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION

13.1 Payments Due. In the event of termination or expiration of this Distributor Franchise Agreement, whether by reason of default, lapse of time, or other cause, all monies owed to Franchisor by Distributor Franchisee shall become immediately due and payable.

13.2 Discontinuance of Use of Marks and Confidential Information. In the event of termination or expiration of this Distributor Franchise Agreement, whether by reason of default, lapse of time, or other cause, Distributor Franchisee shall forthwith discontinue the use of Franchisor's Symbols, as defined in Article V hereof, and shall not thereafter operate or do business in any manner that might tend to give the general public the impression that it is operating as a Distributor Franchisee of Mountain Man products. Distributor Franchisee shall also immediately cease to use any of Franchisor's confidential information.

13.3 Customer Lists. Upon termination or expiration of this Distributor Franchise Agreement, Distributor Franchisee shall furnish Franchisor with complete customer lists of existing accounts.

ARTICLE XIV COVENANT NOT TO COMPETE

14.1 Terms of Covenant. Distributor Franchisee covenants that during the Initial Term of this Distributor Franchise Agreement and any renewal thereof, and for a period of two (2) years immediately following the termination of this Distributor Franchise Agreement, whether by reason of default, lapse of time or other cause, Distributor Franchisee will not directly or indirectly own, manage, operate, control, or be employed by, participate in or

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be connected in any manner with the ownership, management, operation or control of any business similar to the Mountain Man Nut & Fruit Co. system. This non-compete would be effective in an area that would be a 100-mile radius using the contracted area (Exhibit A) of this contract as the center and includes the contracted area. This radius can be altered by a court of law modifying the provision of this non-compete to what they consider to be fair, reasonable, and necessary.

14.2 Breach of Covenant. Should Distributor Franchisee breach the Covenant Not to Compete, Distributor Franchisee agrees that said breach would, in fact, do irreparable harm to Franchisor, therefore, either shall be entitled, upon the breach of said Covenant Not to Compete, to ask for and to receive, in addition to any other rights or remedies which it may have, a temporary restraining order, preliminary injunction and permanent injunction from any court of competent jurisdiction preventing Distributor Franchisee from violating the terms of said Covenant Not to Compete. Franchisor shall be entitled to recover attorneys' fees and costs related to any action commenced to enforce this Covenant Not To Compete.

14.3 Experience in Other Fields. Distributor Franchisee acknowledges that he has previously worked or been gainfully employed in other fields, and that this provision will in no way prevent him from earning a living.

ARTICLE XV RELATIONSHIP OF THE PARTIES

15.1 No Partnership, Joint Venture or Agency. In all matters pertaining to the operations of Distributor Franchisee's business, Distributor Franchisee is and shall be an

independent contractor. Nothing herein contained shall be construed so as to create a partnership, joint venture or agency, and neither party shall be liable for the debts or obligations of the other.

15.2 No Obligations. The Distributor Franchisee may not assume or create any obligation or responsibility, express or implied, on behalf of or in the name of the Franchisor or bind them in any manner or thing whatsoever. This includes business

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supply purchases, trade shows, rents, etc. These business transactions must be carried out in the Distributor Franchisee's business name rather than as Mountain Man Nut & Fruit Co.

15.3 Filings and Taxes. Distributor Franchisee agrees to make appropriate filings with the taxing authorities as a self-employed individual and to account for and make all payments required by the local, state and federal authorities including income tax, social security, workman's compensation, and unemployment tax.

ARTICLE XVI INDEMNIFICATION

Distributor Franchisee agrees to indemnify and hold Franchisor harmless from any and all claims made by taxing authorities resulting from actions taken by Distributor Franchisee in performance of this Distributor Franchise Agreement. To the fullest extent permitted by law, and not limited to the extent or amount of any insurance coverage, the Distributor Franchisee shall indemnify and hold harmless Franchisor, their agents and employees from and against all claims, damages, losses and expenses including, but not limited to, attorneys' fees, arising out of or resulting from the Distributor Franchisee's performance of this Distributor Franchise Agreement.

ARTICLE XVII
INTEGRATION OF AGREEMENT

This Distributor Franchise Agreement and the documents referred to herein shall be construed together and constitute the entire Distributor Franchise Agreement between the parties hereto and supersedes all prior negotiations, understandings, representations and agreements, if any. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

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You acknowledge that you are entering into this Distributor Franchise Agreement as a result of your own independent investigations of our franchise business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set for in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

ARTICLE XVIII AMENDMENTS

18.1 This Distributor Franchise Agreement, including but not limited to this provision, may not be amended orally, but may be amended only by a written instrument signed by the parties hereto.

18.2 Notwithstanding the provisions of Paragraph 18.1, above, circumstances may exist that Franchisor believes require amending all Distributor Franchise Agreements. Franchisor will have the right to amend this Agreement to the extent that Franchisor deems advisable, provided that Franchisor makes the same amendment in all Distributor Franchise Agreements generally. The amendment, if any, will be sent out in a Notice signed by the President of Mountain Man Nut & Fruit Co., the Franchisor. Thirty-five (35) days after delivery of the Notice to the Distributor, this agreement will be deemed to be amended in the manner and to the extent set forth in the notice.

ARTICLE XIX
ASSIGNMENT

19.1 Consent to Assignment. The Distributor Franchise Agreement shall not be assigned, sold, or transferred by the Distributor Franchisee, directly or indirectly, without the consent of the Franchisor. Such approval shall not be unreasonably withheld. It shall be reasonable for the proposed assignment to meet the following conditions:

A. A complete list of customer accounts and route schedule must be compiled with one (1) copy provided to the franchisor and one (1) copy provided to the buyer at closing of sale.

B. Distributor Franchisee must be in full compliance with all of the terms of this Distributor Franchise Agreement.

C. The assignee must meet the financial and business experience requirements established by Franchisor.

D. The assignee must agree to execute a document evidencing his consent to the assignment and his intention to be bound by the provisions of this assignment.

E. No assignment will be allowed in the first <u>term of the contract</u> following the effective date of this Distributor Franchise Agreement without penalty. The <u>thirty-six month</u> requirement applies to the first contract term only, and is not a requirement under subsequent renewal terms. Assignment of a route during this first <u>thirty-six (36) months</u> will only be allowed under extreme circumstances as approved by the Franchisor and under the conditions imposed by the Franchisor. Prior to any sale, all performance criteria must have been met by franchisee. Penalty may be assessed up to a maximum of $4,000 for early assignment at franchisor's sole discretion.

F. The Distributor must have achieved the performance criteria as set forth in section VI of this contract. If the criteria has not been achieved, the transfer fee schedule to assure proper training and orientation of the new distributor is as follows: Less than $20,800 in wholesale purchases over the preceding 12 months, the fee shall be $4,000; more than $20,800, but less than $28,600 in wholesale purchases over the preceding 12 months,

the fee shall be $2,000; more than $28,600, but less than $39,000 in wholesale purchases over the preceding 12 months, the fee shall be $1,500; more than $39,000 in wholesale purchases over the preceding 12 months, the fee shall be $1,000. G. All transfer fees must be paid by the assignor.

19.2 Disclosure Requirements. A request for the approval of an assignment shall contain representations that:

"COPY OF DISTRIBUTOR CONTRACT"

1. The assignor has agreed to accompany the assignee on sales calls within the Franchise Territory for two (2) weeks following the effective date of the assignment;
2. The assignee will be provided a complete and accurate customer list
by the assignor at the time of the execution of the assignment agreement;
3. The assignee was furnished a copy of Franchisor's most recent disclosure document or offering circular at least ten (10) days prior to the execution of the assignment agreement and a copy of the disclosure document or offering circular received by the assignor prior to the execution of this Distributor Franchise Agreement; and
4. The assignee was furnished records of the assignor's sales and purchases of Mountain Man products for at least the thirty-six (36) months, (unless their route sale records are less than 36 months, in which case all records must be provided) preceding the effective date of the assignment. Assignor agrees that Mountain Man may release his purchase records to the candidate assignee upon request without notice to assignor.

19.3 Survivorship. Notwithstanding the foregoing, the spouse or an adult child of Distributor Franchisee may continue operations under this Distributor Franchise Agreement upon the death of the Distributor Franchisee, providing they are qualified to do so, and meet the approval of the franchisor.

ARTICLE XX NOTICES

Any notice required or permitted to be given hereunder shall be in writing and shall be served on the other party personally, or by registered or certified mail, postage prepaid. Any notice to Franchisor shall be addressed to Mountain Man Nut & Fruit Co. at 10338 South Progress Way, Parker, Colorado, 80134, and shall be addressed to Distributor Franchisee at the addresses shown on the first page of this Distributor Franchise Agreement. Any party may designate another or additional addresses or agents for receipt of notice at any time by appropriate written notice to the other parties. Service of any notice or demand by mail shall be deemed complete and shall be effective three (3) days from the date the same is deposited in the United States mail. Notwithstanding the foregoing, payments by check or other routine communications may be sent by regular mail.

ARTICLE XXI GENERAL PROVISIONS

21.1 Choice of Law. This Distributor Franchise Agreement, and specifically all Covenants Not to Compete, are to be construed in accordance with the laws of the State of Colorado.

21.2 Titles Do Not Control. The titles and subtitles of the various Articles, Paragraphs, and subparagraphs of this Distributor Franchise Agreement are inserted for convenience and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Distributor Franchise Agreement.

21.3 Gender. Throughout this Distributor Franchise Agreement, the singular shall include the plural, and the masculine shall include the feminine, and vice versa.

21.4 Construction of Language. It is hereby agreed that if any provision of this Distributor Franchise Agreement shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provisions of this Distributor Franchise Agreement, all of which provisions shall remain in full force and effect; and it is the intention of the parties hereto that if any provision of this Distributor Franchise Agreement is capable of two constructions, one of which would render the provision void
and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The language in all parts of this Distributor Franchise Agreement shall in all cases be construed simply according to its fair meaning, and not strictly for or against Franchisor or Distributor Franchisee.

21.5 Nonwaiver. No waiver or delay in enforcement of any breach of any term, covenant, or condition of this Distributor Franchise Agreement shall be construed as a waiver of any preceding or succeeding breach or delay in enforcement of any other term, covenant or condition of this Distributor Franchise Agreement; and the acceptance of any payment

specified to be paid by Distributor Franchisee hereunder shall not be construed to be a waiver of any other breach of any term, covenant, or condition of this Distributor Franchise Agreement.

21.6 Limitations of Law. Notwithstanding anything to the contrary contained in this Distributor Franchise Agreement, in the event any valid applicable law or regulation of a governmental authority or any determination by an arbitrator or court of law having jurisdiction over this Distributor Franchise Agreement and the parties hereto should limit Franchisor rights of termination hereunder, or shall require longer notice periods than those set forth above, or shall deem any provision hereof invalid or unenforceable, this Distributor Franchise Agreement shall be amended to conform to such laws or regulations, including but not limited to the reduction of areas or periods of time regarding Covenants Not To Compete. Franchisor shall not, however, be precluded from contesting the validity, enforceability, or application of such laws, regulations, or determinations in any action, hearing, or dispute relating to this Distributor Franchise Agreement.

21.7 Attorneys' Fees. In the event Franchisor should prevail in the enforcement of their rights hereunder in any litigation or arbitration, said party shall be entitled to recover its reasonable attorneys' fees and costs incurred in obtaining such enforcement.

21.8 Successors. This Distributor Franchise Agreement shall be binding upon the permitted successors and assigns of the parties hereto. In the event of an assignment of

the Distributor Franchise Agreement by Franchisor (for which there is not limitation herein), Franchisor shall be relieved and released from all liability hereunder from the date of such assignment.

ARTICLE XXII JOINT AND SEVERAL LIABILITY

If there shall be more than one person referred to herein as the Distributor Franchisee, then their obligations and liabilities herein shall be joint and several.

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ARTICLE XXIII ARBITRATION

If any controversy arises out of events or provisions relating to or included within this Distributor Franchise Agreement, the same shall be either arbitrated or litigated, at the sole discretion of the Franchisor.

1. If arbitrated, the case will be tried in accordance with the then applicable rules and procedures of the American Arbitration Association in effect at the time of the dispute, in the State of Colorado or such other location as shall be agreed upon by the parties to this Distributor Franchise Agreement. Franchisor will submit a list of three arbitrator candidates to Franchisee for his selection of arbitrator. Judgment on such arbitration award may be entered in any court having jurisdiction.
2. If litigated, the case will be tried in accordance with the then applicable federal and Colorado State laws. The dispute will be tried in the State of Colorado, or such other location as shall be agreed upon by the parties to this Distributor Franchise Agreement. Judgment on such litigation award may be entered in any court having jurisdiction.

ARTICLE XXIV CAVEAT

24.1 No Guarantee of Success. The success of the business venture contemplated to be undertaken by Distributor Franchisee by virtue of this Distributor Franchise Agreement is speculative and depends, to a large extent, upon the degree of motivation, individual personality and ability of the Distributor Franchisee as an independent businessperson,
as well as other factors. Franchisor makes no representation or warranty as to the potential success of the business venture contemplated hereby.

24.2 Independent Investigation. Distributor Franchisee acknowledges that he has entered into this Distributor Franchise Agreement after making an independent investigation of Franchisor's operation, and not upon any representation as to profits which Distributor Franchisee in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth herein, to induce

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Distributor Franchisee to accept this franchise and execute this Distributor Franchise Agreement.

24.3 Legal Counsel. Distributor Franchisee acknowledges that this Distributor Franchise Agreement is a binding legal document and that he has been advised by Franchisor to seek the advice of legal counsel prior to executing this Distributor Franchise Agreement. Distributor Franchisee represents that he has read this document thoroughly; that he understands its provisions and that he has either obtained such legal advice or, due to experience in business matters, has determined that such counsel is not required.

ARTICLE XXV

SUBMISSION OF AGREEMENT

The submission of this Distributor Franchise Agreement does not constitute an offer, and this Distributor Franchise Agreement shall become effective only upon the execution thereof by Franchisor. THIS DISTRIBUTOR FRANCHISE AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR. THIS DISTRIBUTOR FRANCHISE AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS DISTRIBUTOR FRANCHISEE HAS BEEN FURNISHED SUCH DISCLOSURE, IN WRITTEN FORM, AS MAY BE REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW.

ARTICLE XXVI STATE SPECIFIC ADDENDUMS

The following are state specific addendums that apply to franchisees in the various states covered by an addendum:

ADDENDUM A. WASHINGTON STATE ADDENDUM FOR FRANCHISE AGREEMENT

The Washington Department of Financial Institutions, Security Division, PO Box 9033, Olympia, Washington 98507-9033 is the state agency for reporting any violations. Our agent for service in Washington is the Administrator of Securities.

Prospective franchisees should be aware that the franchise protection laws of the State of Washington provide, among its other protection, that:

This state has statutes which may supersede the Distributor Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise (Washington Code Section 19.100.180). This state and other states may have court decisions which may supersede the Distributor Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.I00 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the ares of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the ares of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or violation of the Washington Franchise Investment Protection Act, in Washington

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after

the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict
or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49. 62.020,a noncompetition covenant in void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are voic and unenforceable in Washington.

The name and address of the franchisor's registered agent in this state authorized to receive service of process is the Administrator of Securities, and the successors in such office, whose address is:

Department of Financial Institutions
Division of Securities
150 Israel Road SW
Tumwater, WA 98501
360-802-8760

The signature page that follows must be returned with the receipt for the UFDD.

"COPY OF DISTRIBUTOR CONTRACT"

ACKNOWLEDGEMENT OF RECEIPT OF WASHINGTON ADDENDUM

The undersigned does hereby acknowledge receipt of this addendum

Dated this ____________day of ______________, 20______.

____
Prospective Franchisee

____
Prospective Franchisee

This page must be signed and returned with the receipt of the UFDD.

“COPY OF DISTRIBUTOR CONTRACT”

STATE SPECIFIC ADDENDUM FOR MINNESOTA FRANCHISEES

Pursuant to Minnesota State Sec. 80C.21, the section in the contract in regard to governing law shall not in any way abrogate or reduce any rights of the Franchisee as provided in Minnesota Statutes Chapter 80C.

Minn. Statute 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds.3, 4, and 5, which require, except in certain specified cases, that a Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

Minnesota Rule 2860.4400D prohibits a Franchisor from requiring a Franchisee to assent to a general release. We require an assignment of your franchise contract to the purchaser to complete the sale. This does not negate any of your rights under Minnesota law.

Minnesota Rule 2860.4400D prohibits a Franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties, or judgment notes. In the event of any conflict of law involving interpretation or application of this Distributor Franchise Agreement, the provisions of Minnesota Rule 2860.4400D shall govern.

I have read and understand this addendum

FRANCHISEE

By: ____

Date

State of _______________
County of _____________________
The foregoing instrument was signed before me this _____ day of ____________, 20__, by ______

____

Witness my hand and official seal.

____
Notary Public
My commission expires _________________________

"COPY OF DISTRIBUTOR CONTRACT"

STATE SPECIFIC ADDENDUM FOR CALIFORNIA FRANCHISEES

THE CALIFORNIA DEPARTMENT OF CORPORATIONS, 320 WEST 4TH STREET, LOS ANGELES, CA. 90013-2344 is the state agency for reporting any violations. Our agent for service in California is the California Commissioner of Corporations.

There may be state and local laws, which supersede this disclosure document and contract.

The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

This agreement requires application of the laws and forum of another state. The franchise and development agreements require application of the laws and forum of indicated jurisdiction. This provision may not be enforceable under California law.

California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations prior to a solicitation of a proposed material modification of an existing franchise. The California Franchise Investment Law requires a copy of all proposed agreements related to the sale of the Franchise be delivered together with the Disclosure Document.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the franchisee agreement is inconsistent with the law, the law will control.

The franchise agreement may require binding arbitration. The arbitration may occur in Colorado with the costs being borne by the franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code Of Civil Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

This agreement contains a liquidated damage clause. Under Civil Code, Section 1671 certain liquidated damage clauses are unenforceable.

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The provision for termination upon bankruptcy may not be enforceable under federal bankruptcy law. (11 USCA}101 et seq.)

Neither Company, any person or franchise broker in Item 2 of the UFDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in this association or exchange.

"COPY OF DISTRIBUTOR CONTRACT"

STATE SPECIFIC ADDENDUM FOR SOUTH DAKOTA FRANCHISEES

This addendum to the Franchise Agreement is agreed to this _____ day of ____________,
20___, between Mountain Man Nut & Fruit Co. and _____________________________________ to amend and revise said Exclusive Dealing Agreement as follows:

Item 17 of the Disclosure Document and Article XIV of the Exclusive Dealing Agreement are amended by the addition of the following language to the original language that appears therein:

Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and Franchise Agreement must afford a Franchisee thirty (30) days written notice with an opportunity to cure said default prior to termination. This addendum will supersede any provision in the Franchise Agreement that allows less than 30 days for cure of the default.

Contracts in restrain of trade that take effect upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota as set forth in SDCL 53-9-8, 53-9-9, 53-9-10, and 53-9-11.

Any provision in the Franchise Agreement, which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota is void with respect to any cause of action, which is otherwise enforceable in the State of South Dakota. Any such provision is deleted from the Franchise Agreement for use in the State of South Dakota.

The law regarding franchise registration and contracts in restraint of trade will be governed by the laws of the State of South Dakota: but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement, and interpretation under the government law of Colorado.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Exclusive Dealing Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern. In witness whereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the _______ day of ____________, 20___.

SIGNATURE PAGE FOLLOWS:

"COPY OF DISTRIBUTOR CONTRACT"

FRANCHISOR:
MOUNTAIN MAN NUT & FRUIT CO.

By: ____

Title: David D. Conner, President Date

FRANCHISEE:

By: ____
Date

State of ______________
County of ____________________
The foregoing instrument was signed before me this _____ day of ____________, 20__, by____________

____
Witness my hand and official seal.

____
Notary Public
My commission expires ________________

By: ____
Date

State of ______________
County of ____________________
The foregoing instrument was signed before me this _____ day of ____________, 20__, by _____

____

Witness my hand and official seal.

____
Notary Public
My commission expires ______________________

STATE SPECIAL ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE

STATE OF NORTH CAROLINA DISCLOSURE REQUIRED BY NORTH CAROLINA LAW

"THE STATE OF NORTH CAROLINA HAS NOT REVIEWED AND DOES NOT APPROVE, RECOMMEND, ENDORSE, OR SPONSOR ANY BUSINESS OPPORTUNITY. THE INFORMATION CONTAINED IN THIS DISCLOSURE HAS NOT BEEN VERIFIED BY THE STATE. IF YOU HAVE ANY QUESTIONS ABOUT THIS INVESTMENT, SEE AN ATTORNEY BEFORE YOU SIGN A CONTRACT OR AGREEMENT."

The registered agent authorized to receive service in the State of North Carolina is Secretary of State and the successors in such office, or its attorney. The address is State of North Carolina, Department of the Secretary of State, Attention: Mary Kelly, P.O. Box 29622, Raleigh, NC 27626-0622.

"COPY OF DISTRIBUTOR CONTRACT"

I HAVE READ THE FOREGOING DISTRIBUTOR FRANCHISE AGREEMENT AND ACCOMPANYING EXHIBITS AND/OR ADDENDUMS AND I HEREBY ACCEPT AND AGREE TO EACH OF THE PROVISIONS, COVENANTS AND CONDITIONS THEREOF. I HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISTRIBUTOR FRANCHISE AGREEMENT AND THE DISCLOSURE DOCUMENT. I ACKNOWLEDGE THAT THIS DISTRIBUTOR FRANCHISE AGREEMENT IS A BINDING LEGAL DOCUMENT. I HAVE EITHER OBTAINED THE ASSISTANCE OF AN ATTORNEY OR I REPRESENT THAT I HAVE DETERMINED THAT DUE TO MY EXPERIENCE IN BUSINESS MATTERS THE ADVICE OF AN ATTORNEY IS UNNECESSARY.

IN WITNESS WHEREOF, the parties hereto have executed this Distributor Franchise Agreement.

I FURTHER ACKNOWLEDGE THAT I PERSONALLY GUARANTEE TO MOUNTAIN MAN NUT & FRUIT CO., THE FRANCHISOR, THE PAYMENT OF ANY FUNDS FOR PRODUCTS PURCHASED OR FEES ACCRUED UNDER TERMS OF THIS CONTRACT, REGARDLESS OF THE LEGAL ENTITY THAT I USE TO CONDUCT BUSINESS. ALSO, I HEREBY AGREE TO BIND MYSELF TO PAY FRANCHISOR ON DEMAND ANY SUM WHICH MAY BECOME DUE FOR PRODUCT PURCHASED BY THE COMPANY THAT I REPRESENT WITH MY SIGNATURE BELOW. IT IS UNDERSTOOD THAT THIS GUARANTY SHALL BE A CONTINUING AND IRREVOCABLE GUARANTY AND INDEMNITY FOR SUCH INDEBTEDNESS THAT I SHALL INCUR THROUGH THE PURCHASE OF PRODUCT OR FEES IN CONNECTION WITH THIS FRANCHISE. I DO HEREBY CONSENT TO ANY MODIFICATION OR RENEWAL OF THE CREDIT AGREEMENT HEREBY GUARANTEED.

FRANCHISEE:

By: ____

Date

State of _______________
County of ____________________

The foregoing instrument was signed before me this _____ day of ____________, 20__, by ______

____

Witness my hand and official seal.

____
Notary Public

My commission expires ________________________

"COPY OF DISTRIBUTOR CONTRACT"

By: ____

Date

State of ________________
County of ______________________
The foregoing instrument was signed before me this _____ day of ____________, 20__, by ______

____

Witness my hand and official seal.
____
Notary Public
My commission expires _________________________

ACCEPTED:
FRANCHISOR:
MOUNTAIN MAN NUT & FRUIT CO.

By: ____

Title: David D. Conner, President   Date

"COPY OF DISTRIBUTOR CONTRACT"

EXHIBIT "A"
Addendum to Distributor Franchise Agreement
Date

CONTRACT:

TERRITORY:

INITIALS: ______
______
______

"COPY OF DISTRIBUTOR CONTRACT"

EXHIBIT "B" Addendum to Distributor Franchise Agreement Date

CONTRACT:

THE FOLLOWING CHANGES, ADDITIONS AND DELETIONS SHALL BE CONSIDERED PART OF THE ATTACHED DISTRIBUTOR FRANCHISE AGREEMENT AND EXHIBIT "A".

1.1 Franchise Fee - The franchise fee shall be waived by the Franchisor.

INITIALS: ______
______
______

Mountain Man Nut & Fruit Co.

UNIFORM WEBSITE ADDENDUM

ARTICLE I
Permissions granted with e-commerce

1.1 **Exclusive Rights**. Mountain Man Corporate retains the rights to sell Mountain Man and Rivertrail Products on e-commerce marketplace sites such as Amazon and Ebay. No distributor is allowed the right to sell Mountain Man or Rivertrail products on these platforms or similar platforms.

1.2 **Ecommerce Rights**. Distributors retain the right to sell Mountain Man products on their own personal websites. Personal websites will be developed by our marketing team or by the distributor. The guidelines are as follows:

1.2.A **Shopify Website**. Shopify websites will be developed by Mountain Man's Marketing team. The website will include all of your products at your prices. There is a $350 fee included in this option. Once the website is completed and transferred over to you, the fee will be added to your account. Shopify has a monthly fee that distributors will pay directly to Shopify at $30/month. This is for the basic plan but distributors may choose to upgrade plans later on. Please refer to **ARTICLE II** for more guidelines

1.2.B **Personally Designed Website**. Distributors/Stores are also able to set up their own website. By choosing this option our marketing team will not be assisting in any of the set-up, however, all graphics and website design must be approved by Mountain Man prior to going live. If you choose this option you must follow all the guidelines mentioned in **ARTICLE III.**

1.3 **Territorial Guidelines for Ecommerce**. Distributors are allowed to market their website as they choose. This can include running Facebook ads, Google ads, Instagram, YouTube, etc. Territorial guidelines will stay in effect for physical boundaries but do not extend to the internet. If a customer outside of a distributor's territory places an order on their website they are allowed to ship the product to them but they are not allowed to deliver it. Distributors are still only allowed to sell directly to businesses inside of their territory. This includes delivery even if the product was purchased from the web.

1.4 **Naming**. We suggest web domain names to be a function of your actual business name, what you are known as to your customers, or a geographical reference to your territory. Examples include thelocalnuthouse.com, bearmountaingoodies.com, nuttysnackman.com, englewoodmountainman.com, etc. You must submit your web domain name for approval before registering it.

ARTICLE II
Shopify and Distributors Responsibilities

2.1 **Distributor Responsibilities**. By choosing to use a Shopify Store set up by the marketing team at Mountain Man you must agree to these terms. You are fully responsible for learning how to operate and maintain your site. Mountain Man's Web Coordinator will do individual and group training sessions to make sure that you are up to speed on how to operate your site. After you have been fully trained and introduced to Shopify **you will be responsible for the following**:

2.1.A **Fulfilling orders**. Distributors will be in charge of fulfilling the orders that are placed on their website. They will be responsible for shipping or delivering the product to the customer.

2.1.B **Customer Service**. Distributors will be in charge of taking care of customer comments, concerns and complaints.

2.1.C **Updating and Maintaining**. Distributors are in charge of updating and maintaining your website based on promotions and seasonal items. Products change monthly and you will be in charge of making sure your website is up to date with the product that you have on hand at any given time.

2.1.D **Inventory**. You are responsible for shipping out the items that your customers order, this may mean keeping a tight count on your inventory to ensure the customers will be able to get the product that they order. Inventory is not required for your Shopify website but it does make fulfilling orders easier.

2.1.E **Marketing**. Distributors will be in charge of marketing for their website. This may mean sending out emails to all your customers to inform them of your new ecommerce platform. Mountain Man's marketing team will supply distributors with seasonal marketing material but distributors will be in charge of their own marketing. Distributors are only allowed to use marketing material that is supplied by Mountain Man or approved by Mountain Man's marketing team. All media content needs to be approved by Mountain Man's Marketing Team.

2.1.F **Training**. Distributors will be in charge of keeping up with their Shopify training. This means actively learning and viewing the content that Mountain Man's Web Coordinator will be sharing via the Shopify Classroom.

ARTICLE III
Websites developed by Distributors or outside of Mountain Man

3.1 **Website Set Up**. Distributors are allowed to use other platforms than Shopify to set up an ecommerce site. By doing so distributors will be on their own for set up and development of the website. The marketing team at Mountain Man will not be assisting in the set up or development of the website unless agreed on separately. All graphics and website design must be approved by Mountain Man prior to going live. Items 2.1 A-E apply to distributors who are setting up their own sites as well. Refer to **ARTICLE II** for additional guidelines.

Mountain Man Nut & Fruit Co.

____

By: Mike Conner Date

(Distributor) Date

(Distributor) Date

"End of copy of the Distributor Contract "

ITEM 23.

RECEIPT INFORMATION

The last page of the Disclosure Document (following the exhibits and attachments) is a document acknowledging receipt of the Disclosure Document by you (one copy for you and one to be signed for us and returned.)

ADDENDUM A. WASHINGTON STATE ADDENDUM FOR FRANCHISE AGREEMENT

The Washington Department of Financial Institutions, Security Division, PO Box 9033, Olympia, Washington 98507-9033 is the state agency for reporting any violations. Our agent for service in Washington is the Administrator of Securities.

Prospective franchisees should be aware that the franchise protection laws of the State of Washington provide, among its other protection, that:

This state has statutes which may supersede the Distributor Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise (Washington Code Section 19.100.180). This state and other states may have court decisions which may supersede the Distributor Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.l00 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or violation of the Washington Franchise Investment Protection Act, in Washington

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict
or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49. 62.020,a noncompetition covenant in void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The name and address of the franchisor's registered agent in this state authorized to receive service of process is the Administrator of Securities, and the successors in such office, whose address is:

Department of Financial Institutions
Division of Securities
150 Israel Road SW
Tumwater, WA 98501
360-802-8760

The signature page that follows must be returned with the receipt for the UFDD.

ACKNOWLEDGEMENT OF RECEIPT OF WASHINGTON ADDENDUM

The undersigned does hereby acknowledge receipt of this addendum

Dated this ____________day of ______________, 20______.

____
Prospective Franchisee

____
Prospective Franchisee

THIS PAGE MUST BE SIGNED AND RETURNED TO THE FRANCHISOR

ADDENDUM B. SPECIAL PROTECTION FOR CALIFORNIA DISTRIBUTORS

THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, 320 WEST 4TH STREET, #750, LOS ANGELES, CA. 90013-2344 (www.dbo.ca.gov) is the state agency for reporting any violations. Our agent for service of process in California is the California Commissioner of Business Oversight at the above address.

There may be state and local laws which supercede this Disclosure Document and Contract.

The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

This agreement requires application of the laws and forum of another state. The franchise and development agreements require application of the laws and forum of indicate jurisdiction. This provision may not be enforceable under California law.

California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.

The California Franchise Investment Law requires a copy of all proposed agreements related to the sale of the Franchise be delivered together with the Disclosure Document.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee for termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement requires binding arbitration. The arbitration will occur in Colorado with the costs being borne by the franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions code Section 20040.5, code of civil procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

This agreement contains a liquidated damage clause. Under Civil Code, Section 1671 certain liquidated damage clauses are unenforceable.

The provision for termination upon bankruptcy may not be enforceable under federal bankruptcy law. (11 USCA}101 et seq.)

Neither Company, any person or franchise broker in Item 2 of the UFDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in this association or exchange. This franchise is being offered by Mountain Man Nut & Fruit Co., 10338 S. Progress Way, Parker, Colorado, 80134, (303-841-4041). The name of the agent is David D. Conner, President.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution of competitive brands that we control.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

This UFDD is effective on _____________, 20____ and is currently in effect in the state of California. The issue date in the State of California is ____________, 20____.

ADDENDUM C. ADDITIONAL INFORMATION FOR OREGON DISTRIBUTORS

In October, 1986, Mountain Man Nut & Fruit Co. sold the state of Oregon as a franchise to Momyer Distributors, Inc. They own sole rights to Oregon and all packaging and distribution for Oregon is done through them. The following is information concerning Momyer Distributors, Inc.

1. THE WAREHOUSE/ DISTRIBUTION CENTER FRANCHISEE

A. We are Momyer Distributors, Inc. of Salem, OR, a warehouse/distribution center franchise of Mountain Man Nut & Fruit Co., a Colorado corporation. We are authorized to use Mountain Man Nut & Fruit Co. as identifying marks for our distribution business within the State of Oregon.

B. Our principal place of business is 4660 Ridge Dr. NE, Salem, Oregon, 97303-2328.

C. We were incorporated in the State of Oregon on August 19, 1985 as Momyer Distributing, Inc. The existing business was purchased from Jim and Karen Momyer in August, 2000 by Thomas G. and Leta J. Reti.

D. We began doing business as a Mountain Man Nut & Fruit Co Warehouse/Distribution Center franchisee on October 24, 1986.

E. Our business as a Warehouse/Distribution Center franchisee: Purchase candies, dried fruits, and nuts, in bulk and repackage them for sale to the public; roast nuts, process mixes of nuts, fruit and candy and prepare seasonal baskets and gift assortment of candy, dried fruit and nuts under the guidelines of our Franchisor (Mountain Man Nut & Fruit Co. of Colorado). We sell our products to franchisees who sell directly to the public. The franchisees (distributors) offer the products for sale at offices and businesses within defined territories.

2. BUSINESS EXPERIENCE

Thomas G. Reti, President. Tom and Leta began as route distributors with Mountain Man Nut & Fruit Co. in Colorado in 1993. Since that time they also developed and operated three Mountain Man Retail Stores. The Reti's purchased the Oregon production facility from the founders, Jim and Karen Momyer, in August of 2000. Tom has a

business degree from UC Berkeley, and has experience in managing businesses for himself and for others.

Leta J. Reti-Secretary. Leta Reti has a two year degree and has been gainfully employed in many capacities over the years. She was raised in Oregon and has been instrumental in the operation of the Mountain Man route and the retail stores. Her job in the Oregon plant is primarily bookkeeping and promotions.

ADDENDUM D. ADDITIONAL PROTECTION FOR MINNESOTA FRANCHISEES

The Minnesota Department of Commerce, 85 Seventh Place East, #280, St. Paul, Minnesota 55101-55101-3165 (651) 538-1600 is the agency for reporting any violations. Our agent for service in Minnesota is the Commissioner of Commerce at the above address.

Pursuant to Minnesota State Sec. 80C.21, the section in the contract in regard to governing law shall not in any way abrogate or reduce any rights of the franchisee as provided in Minnesota Statutes Chapter 80C.

Minn. Statute 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds.3, 4,and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12,Subd.1 (g).

Minnesota Rules 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may <u>seek</u> injunctive relief. See Minn. Rules 2860.4400J

Also, a court will determine if a bond is required. The Limitations of Claims section must comply with Minnesota Statues, Section 80c.17,Subd.5.

ADDENDUM E. SPECIAL ADDENDUM TO FRANCHISE AGREEMENT FOR THE STATE OF SOUTH DAKOTA

The South Dakota Division of Insurance, Securities Regulation, 124 S. Euclid, Suite 104, Pierre, South Dakota 57501 is the state agency for reporting any violations. Our agent for service in South Dakota is the Director of the Department of Securities at the above address.

This addendum to the Franchise Agreement is agreed to this _____ day of __________, 20___, between Mountain Man Nut & Fruit Co. and _____________________________________ to amend and revise said Exclusive Dealing Agreement as follows:

Item 17 of the Disclosure Document and Article XIV of the Exclusive Dealing Agreement are amended by the addition of the following language to the original language that appears therein:

Termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure said default prior to termination. This addendum will supercede any provision in the franchise agreement that allows less than 30 days for cure of the default.

Contracts in restrain of trade that take effect upon termination or expiration of the franchise agreement are generally unenforceable in the State of South Dakota as set forth in SDCL 53-9-8, 53-9-9, 53-9-10, and 53-911.

Any provision in the franchise agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota. Any such provision is deleted from the franchise agreement for use in the State of South Dakota.

The law regarding franchise registration and contracts in restraint of trade will be governed by the laws of the State of South Dakota: but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the government law of Colorado.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Exclusive Dealing Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern. In witness whereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ____________ day of _____________, 20___.

Franchisee:

Dated: __/__/__ Signature: ____________________________________

Print Name ____________________________________

Dated: __/__/__ Signature: ____________________________________

Print Name ____________________________________

ADDENDUM F. SPECIAL ADDENDUM TO FRANCHISE AGREEMENT FOR THE STATE OF NORTH CAROLINA

DISCLOSURE REQUIRED BY NORTH CAROLINA LAW

"THE STATE OF NORTH CAROLINA HAS NOT REVIEWED AND DOES NOT APPROVE, RECOMMEND, ENDORSE OR SPONSOR ANY BUSINESS OPPORTUNITY. THE INFORMATION CONTAINED IN THIS DISCLOSURE HAS NOT BEEN VERIFIED BY THE STATE. IF YOU HAVE ANY QUESTIONS ABOUT THIS INVESTMENT, SEE AN ATTORNEY BEFORE YOU SIGN A CONTRACT OR AGREEMENT."

The registered agent authorized to receive service in the State of North Carolina is Secretary of State and the successors in such office, or its attorney. The address is State of North Carolina, Department of the Secretary of State, Attention: Mary Kelly, P.O. Box 29622, Raleigh, NC 27626-0622

EXHIBIT A: LIST OF CURRENT FRANCHISEES

Following is a list of one hundred franchises that are operational that are substantially similar to those offered by this Disclosure Document:

Tracy Freeman	216 Oakwood Ave	Hot Springs, AR 71913	501-623-6108
Michael Camery	910 N. Longmore	Chandler, AZ 85224	480-545-4378
Bob Dirks	9610 E. Coyote Trail	Hereford, AZ 85615	520-378-1387
Tom & Jo Gardner	3199 Horseshoe Canyon Dr	Lake Havasu City, AZ 86406	928-453-2066
Ted Moder	1944 W. Thunderbird Rd #315	Phoenix, AZ 85023	623-434-9382
Jeanne Adkins	8555 Tego Road	Phelan, CA 92371	760-964-1537
John Boyd	7449 Canyon Peak Ln	San Diego, CA 92126	858-449-8258
David Ochoa	17633 Fairburn Street	Hesperia, CA 92345	760-524-7590
Trinity Peck	6204 Jasper Court	Lancaster, CA 93536	661-916-2506
Cyndi Rainwater	15555 Main St. Ste.D4-453	Hesperia, CA 92345	760-301-4495
Larry Adamson	1406 E. 108th Place	Denver, CO 80233	720-929-2243
George Alexander	12486 E. Cedar Circle	Aurora, CO 80012	303-364-2747
Barbara Baun	1601 Golden Hills Rd	Golden, CO 80401	303-245-4283
Denice Broshears (2 routes}	2635 Cottonwood Dr	Grand Junction, CO 81506	970-985-2319
A.J. Cole	9400 E. Summit Road	Parker, CO 80138	303-587-0695
Lynn & Carl Dobbins	570 County Road 236	Durango, CO 81301	970-769-3480
Bonnie Fergen	0105 Co. Road 156	Glenwood Springs, Co 81601	970-945-5720
Joel Gesink	6985 S. Olive Way	Centennial, CO 80112	303-779-9326
Steve Irsik	1840 s. Biscay St.	Aurora, Co 80017	303-898-9593

Phil Maenpa	2040 Samuell Drive	Denver, CO 80222	303-758-7747
Dwight McAllister	7270 Taft Court	Arvada, CO 80005	303-420-7554
Chris McMahon	4549 Sunknoll Dr.	Loveland, CO 80538	970-962-9324

James Paul	3 Normandy Cir.	Pueblo, CO. 81001	719-214-1231
Mike Pennetti	3856 South Valencia Ct	Denver, CO 80237	303-796-7416
Mike Pendleton	14620 E. Penwood Place	Aurora, CO 80015	303-680-1718
Michael Peterson	2040 Samuel Drive	Denver, CO 80220	303-590-5524
Chris & Yvonne Phelps (2 routes)	PO Box 473	LaSalle, Co. 80645	970-388-7770
Doug Pompeo	9585 B Brentwood Way	Westminster, CO 80021	303-428-7849
Margaret Powers	2940 S. Logan St.	Englewood, CO 80113	303-781-2307
Joe Prinzi	5340 S. Oak Street	Littleton, CO 80127	303-278-1449
Joe Prinzi, JR.	5340 S. Oak Street	Littleton, CO 80127	303-278-1449
Cindy Pruitt	29502 Pinon Lane	Buena Vista, Co 81211	719-966-9240
Mike Ramirez	1257 Tupelo Drive	Loveland, CO 80538	970-593-0050
Michael Rehdish	490 S. Clay Street	Denver, CO 80219	303-667-0630
Shirley Rodriguez	17766 Biscuit Root Dr.	Parker, Co.80134	720-384-4304
Dale Rooney	211 E. Graves Ave	Littleton, CO 80121	303-797-1582
Stacey Schill	5600 E. 6th Ave. Parkway	Denver, CO 80220	720-353-0541
Trent Taylor	1207 Wilshire Ave	Greeley, CO 80634	970-218-6887

Sam Villani	1211 WCR13	Brighton, CO 80603	303-659-1351
Dawn & Jeff Wood	7802 W. Ottawa Place	Littleton, CO 80128	303-697-8307
David Heckman	1710 E. Locust St.	Emmett, ID 83617	208-398-7406
Chuck Jones	11395 W. Kipling Way	Nampa, ID 83651	208-697-7673
David & Lauren Britt	27742 W. 83rd Street	Lenexa, KS 66227	816-898-7973
Dana Bullock	6565 N. Towns Rd	Garden City, KS 67846	620-276-6066
Ty /Gene Holloway	PO Box 115	Montezuma, KS 67867	520-419-9718
Candice Montes	14534 NW O Road	Jetmore, KS 67854	620-393-5283
Mike O'Neal	409 W. 5th	Ellinwood, KS 67526	620-564-2227

Toni Williams	1530 Texas St.	Goodland, KS 67735	785-890-7704
Nanette Karavas	7735 U.S. 31 North	Ellsworth, MI 49729	231-599-3194
Tina Bauer	P.O. Box 446	Tilden, NE 68781	402-637-2440
Heidi Bergen	218 13th Street	Aurora, NE 68818	402-694-2249
Sandy Johnson	10257 Monroe Street	Omaha, NE 68127	402-331-2745
Stacy Mitchell	1715 Nelson Ave	Gering, NE 69341	308-641-6352
Pauline Morse	11424 724 Road	Holdrege, NE 68949	308-995-2159
Katie Upshaw	403 W. Bullion Rd #3	Elko, NV 89801	775-401-0305
Del Seybold	PO Box 7114	Ruidoso, NM 88355	575-937-2357
Rick Goben	3829 Rockwood	Enid, OK 73703	580-237-5956
Kelly Ward	7817 N.160 E. Ave.	Owasso, OK 74055	918-272-7884
Shirley Barklow	1900 Parkdale Dr.	Grants Pass, OR 97220	541-218-7888

David Berekoff	3857 Starlight Dr. NE	Silverton, OR 97381	503-507-3854
Gary Boxall	10990 Summit Loop SE	Turner, OR 97392	503-851-7286
Brian Dudley	14423 SE Kingston Ave.	Milwaukee, OR 97267	503-312-7161
Julie Garvin	3447 Bursell Rd	Central Point, OR 97502	541-840-8101
Bill Golan	1237 South Water St.	Silverton, OR 97381	971-218-3944
Ken Gordon	1947 Lancaster St.	Klamath Falls, OR 97601	541-882-2445
Bruce Harle	P.O. Box 324	Scotts Mills, OR 97374	503-873-3356
Russell Harrison	55446 Bates Rd	Bandon, OR 97411	541-347-8312
Ed Hershey	1300 Walton Way	Woodburn, OR 97071	503-989-0106
Dave Lahnala	1725 Church St.	Salem, OR 97301	503-716-0008
Chris Morse	842 NE Mapleleaf Ct.	Redmond, OR 97756	541-598-4697
Victor Ortiz	PO Box 324	Rainier, OR 97048	503-410-9012
Julie Roskowski	191NWOutlook Vista Dr.	Bend, OR 97703	541-668-3432
Christopher Shoop	1892 NE 4th Ave.	Canby, OR 97301	503-716-0008
Jessica Siminski	675 Audel Ave.	Eugene, OR 97404	541-688-0020
Diane Snedecor	6150 SW Arrowwood Lane	Portland, OR 97223	503-816-4660
Alex Stahl	30643 Old Santiam Hwy	Lebanon, OR 97355	509-608-0681
Mike Wagner	1160 Knights Ct. NE	Salem, Or 97301	503-364-2304
Kerry Wolfe	406 E. 9th St. #19	Newberg, OR 97132	503-926-2985
Laura McCluskey	25685 Vandemark	Sioux Falls, SD	605-528-9686

	Ave.	57033	
Carl Schwink	3411 975h St.	Lubbock, Tx 794231	469-412-5060
Weldon/Toni McAdams	4057 State Highway 351	Abilene, TX 79601	325-514-1366
Steve Robb	2412 Liles Lane	Mesquite, TX 75181	972-222-3236
Debbie Rawcliffe	5310 S. Prospect St.	Tacoma, WA 98409	253-686-2273
Susan Stanley	8917 NE 19th CT	Vancouver, WA 98665	360-624-1639
Mandy George	2134 Sunflower	Casper, WY 82604	307-265-2551
Kelly McCoy	501 56th Ave	Greeley, CO-route in Wyoming	970-568-9188
Janice Phillips	1801 E. Warlow Dr. SPC#4	Gillette, WY 82716	307-670-1124

EXHIBIT B: DISTRIBUTORS WHO HAVE LEFT THE SYSTEM DURING 2018

TRANSFERS:

Lori Powers	6628 Lucky Star Lane	Colorado Springs, CO 80923	720-299-2613
Mandi Porter	17919 Windsor Lane	Hesperia, CA 92345	760-403-0366
Don Tousley	19883 SW Monte Vista Dr.	Beaverton, OR 97007	503-502-0071

LEFT THE SYSTEM-ABANDONED OR OTHER

Butch Arndt	609 Van Buren St.	Pueblo, CO 81004	719-696-0807
Susan Beck	PO Box 100261	Denver, CO 80250	720-224-6920
Laura Briggs	1101 South Ohio , Suite C	Salina, KS 67401	785-493-0835

Jon Brechtel	5118 Lower Beaver Rd.	DesMoines, IA 50310	515-278-7075
Larry Cohan	2595 San Francisco Ct. NE	Salem, OR 97305	503-739-2586
Brad Conner	156 Pinecrest St.	Wichita, KS 67218	323-208-1675
Craig Henry	2872 Humbolt Cir.	Longmont, CO 80503	303-651-2430
Cindy Dye	5979 Swadley Way	Littleton, Co 80127	303-904-7614
Jason & Stacey Fine	17926 W. San Juan Ave.	Litchfield Park, AZ 85340	623-777-5945
Carlos Guerrero Jr. & Carlos Gonzalez (2 routes)	5886 Dezavala Rd. Ste 102 #47I	San Antonio, TX 78249	210-430-2249
Matt Hamilton	1227 Sherwood Lane	Colorado Sprgs, CO 80906	719-392-1378
Dene Harlow	8957 W. 75th Way	Arvada, CO 80005	303-424-0107
Mia Jensen	PO Box 188	Florence, CO 81226	719-431-7080
Harley Laney	8950 County Rd CC	Las Animas, CO 81054	719-688-1634
Weslyene Lee	10358 Redick Ave.	Omaha, NE 68122	402-238-4700
Dan Lykins	PO Box 772563	Steamboat Springs, CO 80477	970-879-7138
Richard Marshall	11664 Corsicana Dr.	Frisco, TX 75035	
Abe Mikota	411 N. Ewing St.	Helena, MT 59601	406-533-5464
Tracie Osborne	5409 33rd Ct. SE	Lacey, WA 98503	360-704-8438
John Palmore	191 W. Deuce of Clubs #981	Show Low, AZ 85901	760-954-5195

Star Pearce	512 S. Floyd St.	Wichita, KS 67209	316-302-7191
Paul Ritter	947 LaPorte Ave.	Fort Collins, CO 80521	970-889-6074
Joe Shinkunas	2276 S. Sherman St.	Denver, Co 80210	303-733-3124
Josh Smith	480 Carmen Rd.	Talent, OR 97540	541-601-4497
Jerry Veen	7794 Woodruff St.	Fort Lupton, Co 80621	970-581-9265

EXHIBIT C: STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Pending
Michigan	Pending
South Dakota	Pending
Washington	Pending
Nebraska	One Time Exemption

Other states may require registration, filing, or exemption of a franchise under other laws, such as that regulate the offer and sale of business opportunities or seller assisted marketing plans.

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	AGENT FOR SERVICE OF PROCESS	STATE ADMINISTRATOR
CALIFORNIA	Commissioner of Business Oversight 320 W. 4th Street, Suite 750 Los Angeles, CA 90013-1105 1-866-275-2677	California Commissioner of Business Oversite 320 W. 4th Street, Suite 750 Los Angeles, CA 90013-1105
NEBRASKA	Department of Banking & Finance 1230 "O" Street, Suite 400 Lincoln, NE 68508	Same
OREGON	Department of Insurance and Finance Corporate Securities Seftion Labor and Industries Building Salem, OR 96310	Same
TEXAS	Secretary of State Statutory Documents Section PO Box 12887 Austin, TX 78711-2887	Same
SOUTH DAKOTA	Director of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501	Director of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501
WASHINGTON	Administrator, Division of Securities Department of Financial Institutions PO Box 9033 Olympia, WA 98507-9033	Same

23. ACKNOWLEDGEMENT OF RECEIPT OF UNIFORM FRANCHISE DISCLOSURE DOCUMENT BY PROSPECTIVE FRANCHISEE - FRANCHISEE COPY

This Disclosure Document issued on April 15, 2021 summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Mountain Man Nut & Fruit Co. offers you a franchise, Mountain Man must provide this disclosure document to you by the earliest of:

1. The first personal meeting to discuss our franchise, or
2. 14 calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale.

If Mountain Man Nut & Fruit Co. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal or state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state reporting agency (see specific state addendum attached).

The following is the name of the franchise seller offering this franchise: David D. Conner, Pres. Mountain Man Nut & Fruit Co., 10338 S. Progress Way, Parker, CO. 80134, 303841-4041

I have received a Uniform Franchise Disclosure Document dated _________.
This Disclosure Document included the following Exhibits: Distributor Franchise Agreement; Financial Statement

Dated: __/__/__ Signature: ___________________________________

Print Name ___________________________________

Dated: __/__/__ Signature: ___________________________________

Print Name ___________________________________

24. ACKNOWLEDGEMENT OF RECEIPT OF UNIFORM FRANCHISE DISCLOSURE DOCUMENT BY PROSPECTIVE FRANCHISEE - FRANCHISOR COPY

This Disclosure Document issued on April 15, 2020 summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Mountain Man Nut & Fruit Co. offers you a franchise, Mountain Man must provide this disclosure document to you by the earliest of:

1. The first personal meeting to discuss our franchise, or
2. 14 calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale.

If Mountain Man Nut & Fruit Co. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal or state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state reporting agency (see specific state addendum attached).

The following is the name of the franchise seller offering this franchise: David D. Conner, Pres. Mountain Man Nut & Fruit Co., 10338 S. Progress Way, Parker, CO. 80134, 303841-4041

I have received a Uniform Franchise Disclosure Document dated _________.
This Disclosure Document included the following Exhibits: Distributor Franchise Agreement; Financial Statement

Dated: __/__/__ Signature: ________________________________

Print Name ________________________________

Dated: __/__/__ Signature: ________________________________

Print Name ____________________________

This page must be returned to Franchisor after signature.